

# The NATIONAL UNDERWRITER

62nd Year No. 26

—The National Weekly Newspaper of Life Insurance—

June 28, 1958

## Bank-Loan Curbs, Premium-Payment Test Seem Dead

**Omission Of Provisions  
From Technical Amendments  
Appears Likely To Stand**

WASHINGTON—Proposals to restore a premium payment test for estate taxability of life insurance proceeds and to further restrict the income tax deduction for interest paid on financed life insurance are missing from the technical tax bill of 1958 as reported out by the Senate finance committee.

The proposals were opposed by American Life Convention, Life Insurance Assn., National Assn. of Life Underwriters and Assn. of Advanced Life Underwriters.

### **Amendments Are Unlikely.**

Leonard L. Silverstein of the Washington law firm of Cooper & Silverstein, counsel for AALU, told THE NATIONAL UNDERWRITER that while it is still procedurally possible for the bill to be amended on the Senate floor it seems highly unlikely. Action of the Senate finance committee in omitting financed life insurance restriction proposals from the bill is apparently a recognition that finance life insurance is not considered a tax loophole, as its critics have charged.

The ALC-LIA bulletin covering the technical tax bill said that among the provisions of interest to life companies is one which would limit the tax deferment on benefits which may be provided under non-qualified pension plans of charitable and other exempt organizations. Under this provision, the tax on amounts set aside for an employee up to 20% of his salary may be deferred.

The Senate liberalized the treatment of these plans in other respects. Under the bill, death benefits under such non-qualified plans would be entitled to the \$5,000 death benefit exclusion and the estate tax exclusion for survivorship annuities, to the extent of the employer's contribution. In another section the committee approved a provision which would exempt from gift tax consequences an irrevocable election by an employee of a survivorship annuity.

### **Bill Removes Some Doubts**

In addition, the bill, as approved by the Senate finance committee, removes certain doubts which existed with respect to qualified annuity plans of life insurance companies and exempt organizations other than charitable organizations. Existing law provides for example of tax deferment under annuity plans only if the employer is entitled to a deduction therefor. In the case of insurance companies and certain exempt organizations, there is no deduction and it might appear that plans set up by them would not qualify.

"Although administrative interpretations have been given which clearly

## Industry Spokesmen Hit Proposed OASDI Changes

**Too-Big SS Benefits Can  
Boost Inflation, Miller  
Warns On ALC-LIA Behalf**

WASHINGTON—Overexpansion of social security benefit payments can bring about further inflation, boost payroll taxes and reduce living standards for the employed, John H. Miller, chairman of the joint committee on social security of American Life Convention and Life Insurance Assn. of America, warned in his testimony before the House ways and means committee.

Mr. Miller, who is vice-president and senior actuary of Monarch Life of Massachusetts, testified on proposed amendments that would increase the level of social security benefits, the wage base, and payroll-tax rates, as well as add a system of medical-care benefits. He also presented to the committee copies of a recent study prepared by the two associations, "Sound Policy for Social Security."

Mr. Miller told the committee that past liberalizations of social security benefit payments have maintained the purchasing power of the benefits despite increases in living costs. The 1954 benefit liberalizations, he said, went beyond what was needed to meet the cost-of-living rise up to that time and the excess was sufficient to cover increases in living costs since then. Benefits and living costs are in

(CONTINUED ON PAGE 15)

**Faulkner Declares Health  
Care Proposals Would Not  
Help The Presently Aged**

WASHINGTON—Proposals to add hospital, medical, nursing home and dental care benefits to the social security system would not solve the immediate problem of assisting the presently aged who cannot meet their health care costs, would boost social security taxes to unreasonably high levels, and would represent a major



E. J. Faulkner

departure from the original concepts of social security.

These reasons for opposing the proposed changes were cited by E.J. Faulkner, president of Woodmen Accident & Life, on behalf of Health Insurance Assn. of America in his testimony before the House ways and means committee. He pointed out that voluntary health insurance programs are making great strides in taking care of the health needs of almost all elements in society, including the aged, and these voluntary insurance methods should not be hampered or destroyed.

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## Important Changes Made In Categories Of MDRT Members

**Requirements For Life  
Member Status Tightened;  
'Continuing' Class Added**

**By ROBERT B. MITCHELL**

Life membership requirements that will at least double the present minimum time for achieving this distinction were enacted by the Million Dollar Round Table at its annual meeting at Banff Springs in the Canadian Rockies.

However, there is an interim provision that will prevent the new rule from affecting anyone who already has a leg on his life membership under the present rules.

Under the new setup, there will be an additional category of "continuing"



Adon N. Smith II

### **OFFICERS ELECTED**

**Chairman—Adon N. Smith II, Northwestern Mutual Life, Charlotte, N. C.**  
**Vice-chairman—Robert S. Albritton, Provident Mutual Life, Los Angeles.**  
**Immediate past chairman—William D. Davidson, Equitable Society, Chicago.**

**Members of executive committee—James B. Irvine Jr., National Life of Vermont, Chattanooga (reelected), and Lester A. Rosen, Union Central Life, Memphis.** The new executive committee for the 1959 Round Table takes office Oct. 31, at the end of the current Round Table year.

**Place of next meeting: Hotel Americana, Miami Beach, June 21-25.**

members. This will permit the man who has made the Round Table three years in a row and then misses, and who could under the old rules have

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## Late News Bulletins ...

### **R. E. Wood Of NALU Opposes OASDI Proposals**

WASHINGTON—R. Edwin Wood, Phoenix Mutual, San Francisco, chairman of the National Assn. of Life Underwriters social security committee, urged the House ways and means committee to reject the proposals for further liberalization of social security because such liberalizations are not justified. However, if the ways and means committee should not agree with this viewpoint, it should at least await the report of the advisory council on social security financing before taking any action to amend the existing law, Mr. Wood declared. His testimony will be reported more fully in next week's issue.

### **Pre-authorized Check Plan Gets Undeserved Black Eye From ABA**

In reiterating its long-standing opposition to the pre-authorized check plan of paying life insurance premiums, the bank management commission of American Bankers Assn. has cited a case that has nothing to do with the usual type of pre-authorized check plan.

In a memorandum issued this week

entitle these employers to establish annuity plans, the insurance business has long sought to have the code stated more precisely on this point," the bulletin states. "The new provision which clears up this uncertainty is in keeping with recommendations of the convention and association."

to the entire ABA membership, the commission cites a Utah court decision holding a bank liable for payment of insurance proceeds due to the bank's error in handling an entirely different kind of payment plan, one involving sight drafts and in which there is no provision for insurer to indemnify the bank.

### **Overlooks Indemnification Provision**

The pre-authorized check plan provides complete indemnification for the bank but this fact is overlooked by the ABA commission in citing the Utah case and using it as an argument against cooperating in pre-authorized check plans.

Life companies report that the plan is continuing to increase in popularity and more and more banks are cooperating, in spite of the ABA bank management commission's efforts.

### **Securities Dealers To Appeal Variable Annuity Decision**

WASHINGTON—National Assn. of Securities Dealers plans to petition the U.S. Supreme Court for a writ of certiorari to review the decision of the U. S. court of appeals for the District of Columbia in the Variable Annuity Life case, according to NASD counsel White. The appellate court held against that association and the Securities & Exchange Commission.

SEC is expected by NASD to follow suit in the matter of appeal for certiorari writ, according to NASD sources.

Home office employees of Pan-American Life received chest x-rays at a mobile unit of the New Orleans health department.

## Sales-Tip Smorgasbord At MDRT Room-Hopping

When room-hopping was originally introduced at the 1951 Million Dollar Round Table meeting, THE NATIONAL UNDERWRITER account said "it proved its popularity at once and seems destined to be a regular feature from now on." The appeal of this portion of the program at the MDRT annual meeting last week at Banff Springs, Canada, made it appear that the prediction would hold good for the foreseeable future.

The room-hopping part of the program was under the direction of Donald Shepherd, John Hancock, Quincy, Mass., vice-chairman of the program committee.

There were 11 room-hopping sessions, one of which had four discussion leaders, with Arthur F. Priebe, Penn Mutual, Rockford, Ill., a past chairman of the Round Table, as moderator.

In introducing the four discussion leaders, Mr. Priebe stressed the power of example, as exemplified by these men. He likened the power of example in selling life insurance to what happened after Mt. Everest had been climbed and the four-minute mile had been broken—as soon as one man had done it others proceeded to duplicate the feat in rapid succession.

The first four of the following summaries were given at the four-in-one session moderated by Mr. Priebe. The remaining quotations are excerpts from the introductory remarks of other room hosts.

Joseph Graves, General American Life, St. Louis, said that the idea that has sold perhaps more than any other one idea was developed out of necessity:

"Most everyone I called on during my first few months in the business particularly those in the 'blue-collar' field, had more life insurance in their group plans than they carried personally. This was quite a stumbling block for me.

"However, the very fact that their group represented the majority of their insurance programs became an asset, because I advanced the theory that if the company where the man was working thought enough of him to share the cost or pay the entire cost on a substantial insurance program,

### 20-Story Building To House Pru In Toronto

Prudential has arranged for a 20-story building to be erected at King and Yonge street, Toronto, for its Canadian headquarters and will occupy it under a long-term lease. It will be known as the Prudential building and will cost \$12 million. Prudential will provide most of the financing.

The company has been in the nearby Nova Scotia building since opening its Canadian head office in 1950. It is staffed by nearly 700 employees.

Robert M. Green, vice-president in charge of Canadian operations, said part of the ground floor will be occupied by Canadian Pacific railways and the Bank of Montreal. Some of the upper floors will be sub-leased to other organizations. There will be about 350,000 square feet of floor space in all. Occupancy is scheduled for September, 1960.

this should certainly be a minimum amount, whether or not the employee was working for this firm.

"Since most group plans either run out at age 65 or become paid up for a smaller amount than the face plan, it became vitally important to the individual to have at least as much permanent insurance that would be paid up at age 65 as he would have under his group plan.

### Plan Based On Old Theory

"This plan was developed under the old theory of 'stir them up, soothe them, then satisfy them.' It is simply making people unhappy with their present lot, then showing them a way through which they can correct this weakness, and giving them an opportunity to do it through a plan which I present."

Warren S. Griffin, National Life of Vermont, Atlanta, said that in approaching men known to have some wealth or business interest he seeks a fact-finding interview, and if he gets it, he makes an appointment for a future date and returns with a carefully prepared analysis.

"Many times," he said, "a member of this group is more sophisticated or has a good relationship with one of my competitors and I am not able to get the prospect's confidence to obtain a fact-finding interview. I then take one of two avenues:

"First, I try to shock the man with something that might be of interest in order to get his attention. In most cases I try to interest him in talking

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## Shorter Work-Month Turns May Ordinary Sales Gain To Loss

May sales of ordinary would almost certainly have shown a gain over a year ago if the calendar had cooperated, according to figures released by LIAMA. May, 1958, production figures were \$3,934,000,000, 3% under those of a year ago, a drop which may be accounted for by the fact that there were 4% fewer working days last month than in May, 1957. May contained only 21 working days this year but 22 last year.

New sales of all types of life insurance—ordinary, group and industrial—totaled \$27,283,000,000 in the first five months of 1958, and came within 2% of last year's record high.

### Ordinary Drops 3% In May

Ordinary sales for the five-months were \$18,953,000,000, a gain of 2%, despite the 3% drop in May.

Group life sales of \$933 million showed a decline of 43% for the month, and group's \$5,681,000,000 sales for the first five months were off 10%.

Industrial life sales of \$595 million were down 8% for the month, and \$2,649,000,000 sales for the five months were off 11%.

Total sales \$5,462,000,000 for May in all categories were down 14%.

## Hit 'Blue' Ads, Won't Donate To Endorser Hospitals

Lexington (Ky.) Life Underwriters Assn. and Lexington General Agents & Managers Assn., in a joint resolution unanimously adopted by members of both associations condemned a recent Blue Cross-Blue Shield advertising campaign and the actions of 11 hospitals' administrators who have allowed their names to be used in a direct-mail letter and in newspaper advertisements.

The resolution commits the membership of both associations to "a policy of non-support and non-contribution, either in time spent in the solicitation of funds or through personal contributions for these hospitals, so long as they show favor toward any particular plan of hospital or surgical expense insurance, and until they have cleared themselves through an apology to the Lexington Life Underwriters Assn. and the Lexington General Agents & Managers Assn., for having circulated the letter above referred to, and for having shown preferential attitudes toward the Blue Cross-Blue Shield insurance plans through newspaper advertising and in their dealing with patients who are admitted to the hospitals, and for any lobby advertising in their respective Blue Cross-Blue Shield plan to any person being admitted to, or contacted by these administrators in their official capacities."

The associations singled out two pieces of Blue Cross-Blue Shield advertising material—a letter sent to employers and signed by three Lexington hospital administrators, and a newspaper advertisement containing

(CONTINUED ON PAGE 8)

## High Court To Review Suicide Defense Case

WASHINGTON—The Supreme Court has granted writ of certiorari in Dick vs New York Life. It involves a claim for double indemnity which the company refused to pay on the ground that the insured committed suicide.

The plaintiff won a jury verdict but lost in the eighth circuit, where the court did not remand the case for a new trial but dismissed the complaint.

The plaintiff is appealing on the ground that right to trial by jury was denied by the circuit court.

## Snyder Is President Of Alfred M. Best Co.

Arthur Snyder has been elected president and chairman of Alfred M. Best Co., New York City, publishers of fire, casualty and safety magazines. He was executive vice-president, treasurer and a director.

James E. Geiser has been advanced from assistant treasurer to treasurer. Raymond T. Smith, vice-president at Chicago, who has been with the company 40 years, and Payson H. Ryan, vice-president at Cincinnati for 36 years, have been named directors.

Mr. Snyder, with the company 35 years, is also president of Best Building Co., and chairman and president of Flitcraft Co., publishers of life periodicals and directories. He is a director and chairman of the trustees of New York Board of Trade, and a former president and governor of Drug & Chemical Club.

## American General Group To Acquire Another Member

Directors of Home State Life of Oklahoma City have voted to accept an offer to affiliate with American General of Houston. Payment for Home State's business will be in shares of American General, and the transaction is subject to ratification by the stockholders of both corporations. Meetings for this purpose will be held shortly.

American General group is comprised of five life and fire-casualty companies headed by Gus S. Wortham, who is president of the parent company and president or chairman of the others.

Benjamin N. Woodson, president of American General Life, said that under the new arrangement Home State Life will continue to operate as an autonomous company with the home office remaining in Oklahoma City. All officers and directors will retain their present positions with Messrs. Wortham and Woodson being added to the board.

### No Plans For Merger

Mr. Woodson emphasized that there are no plans for merging Home State into American General Life.

Home State Life is 29 years old and does two-thirds of its business in Oklahoma; the remaining business being in Texas. The company has approximately \$21 million of assets and more than \$210 million of insurance in force.

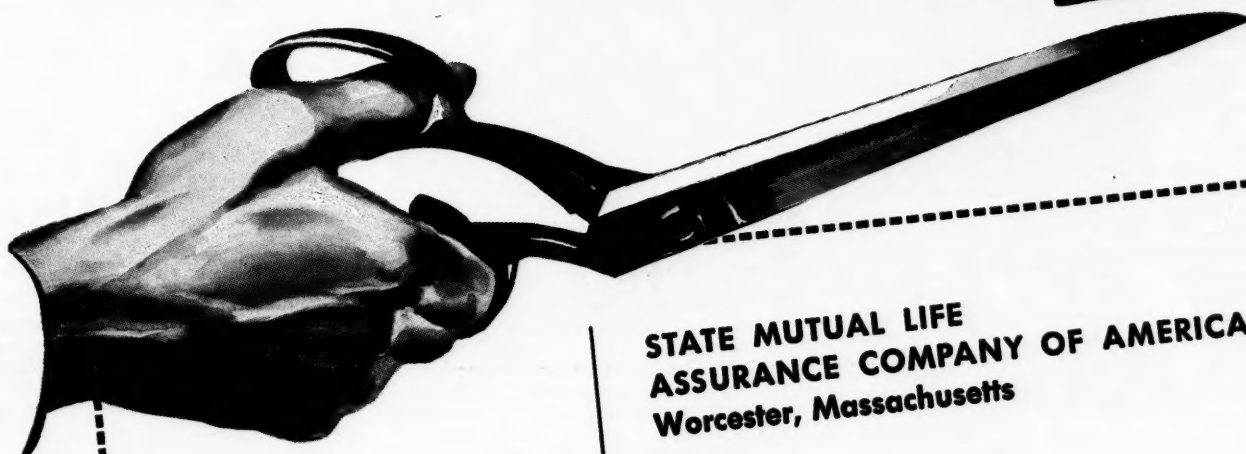
With the addition of Home State, the American General group includes four life companies, with more than \$875 million in force. The roster now lists American General (the parent company), American General Life, American General Investment Corp., American General Realty Co., Union National Life of Lincoln, Hawaiian Life, National Standard of Houston, and Home State Life.



Travis Wallace (right), president of Great American Reserve, receives the A&S "Man of the Year" award from Earl Montgomery, Provident L. & A., Los Angeles, chairman of the Harold R. Gordon memorial award committee of International Assn. of A. & H. Underwriters. Mr. Wallace was dual winner of the award this year with Carl Ernst of North American Life & Casualty. He and Mr. Ernst received their awards at the IAAHU convention in Los Angeles.



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## Each Family Plan Unit Covers:

**FATHER** — \$5,000

**MOTHER** — \$1,250 (same age as father)

**EACH CHILD** — \$1,000\* (under age 18 and over 14 days old)

Plan Available in 1, 1½, 2, 2½ and 3 units

### Riders on Basic Policy

**Family Income** available at issue for 10, 15, 20, 25 years or to age 65

**Supplemental Level Term** available at issue for 10, 15, 20 years or to age 65

\*\$250 to age 6 months

### ADDITIONAL FEATURES:

- Premiums waived on disability of father
- Term insurance on mother and children paid-up on death of father
- Additional insurance on father and mother for accidental death
- Annual dividends . . . cash values . . . conversion privileges for both mother and children

STATE MUTUAL LIFE  
ASSURANCE COMPANY OF AMERICA  
Home Office: Worcester, Massachusetts

## Metropolitan Names Lawrence, Fitzhugh Vice-Presidents

NEW YORK—Reginald R. Lawrence and Gilbert W. Fitzhugh have been advanced to vice-presidents by Metropolitan Life.

Mr. Lawrence will be in charge of the entire field organization.

Mr. Fitzhugh will organize and head up a new division of planning and development.

Mr. Lawrence has been 2nd vice-president. He has been acting head of the field organization since Cecil J. North's election as executive vice-president early this year. Mr. Lawrence started with Metropolitan in his home town of Tarrytown in 1915. He subsequently served as assistant manager in Cohoes and Tarrytown, and as manager of the Hudson, New Rochelle, and Buffalo district organizations before being appointed superintendent of agencies in 1928. He served in this capacity successively in the company's

## Significant N. Y. A&S Laws Reviewed

Legislative developments in New York which may have repercussions throughout the industry were reviewed by Joseph O'Regan, assistant general counsel of Health Insurance Assn. at the June meeting of Illinois A&S Underwriters Forum in Chicago.

What New York does about insurance legislation should be of interest to all in the business, Mr. O'Regan remarked,

southern, keystone, and metropolitan territories. He was appointed 3rd vice-president in field management in 1947, and was advanced to 2nd vice-president the following year.

Mr. Fitzhugh has been 2nd vice-president since 1953. He joined Metropolitan's actuarial division in 1930, becoming an officer and assistant actuary in 1939. He served as assistant general manager of the Canadian head office and in 1948 returned to New York as 3rd vice-president in the group division. Mr. Fitzhugh is a member of the board of governors of Society of Actuaries and is a fellow of Casualty Actuarial Society.

because of the wide-spread influence of that state's laws upon the rest of the country. He said the New York legislature had passed 52 bills concerning insurance in the last session, and he predicted the lawmaking bodies of 25 or so other states would be studying these next year.

He discussed the Metcalf bills, the results of which, he said, would be this: The company may cancel for any reason during the first 90 days and during the first two years on the anniversary date of issue with 30 days notice. After the policy has been in force for two years, the company may not cancel or refuse to renew for any reason except for those listed in the statute, and the company is specifically prohibited from cancelling and refusing to renew for deterioration of health.

### Reports On HIA Survey

Reporting on a survey made by HIA on cancellation of individual A&S policies, he said the study disclosed that in general, cancellations and non-renewals occur in the early years of the policy, the average being about two years for hospital-surgical-medical policies and seven years for loss of income policies. Policyholders whose coverage was either cancelled or not renewed generally received benefits in excess of twice the amount they paid on the policy. On the average about \$300 was paid in benefits compared to \$150 in premiums received at time of cancellation or non-renewal.

### Reviews FTC Battle

Mr. O'Regan also reviewed the FTC's battle for jurisdiction over A&S advertising. In its case before the U. S. Supreme Court, FTC is contending that the words "regulated by state law" in the McCarran act mean something more than the mere enactment of state laws and that there must be some showing of actual administrative application of those laws to the advertising in question before federal jurisdiction is not applicable. Mr. O'Regan said a decision on this issue is expected within the next week or so.

### Hearing On Rate Increase

Superintendent Julius S. Wikler will hold a public hearing July 22 in Buffalo on application of Western New York Medical Plan, the Buffalo Blue Cross, for an average increase in its rates of 40.72%. Mr. Wikler recently gave Associated Hospital Service of New York City a 22.3% increase. It had asked for 40%.

## Finis For Franklin American; Parent's Fate Still In Doubt

AUSTIN—Permanent receivership for Franklin American of Dallas, stock fire and casualty affiliate of InsurOmedic Life, whose business fate awaits final decision, was ordered June 19 following a show-cause hearing on charges that the firm had a deficit of \$738,917 as of last Dec. 31.

The charges had been filed by William A. Harrison, insurance commissioner, who alleged irregularities in stock transactions, real estate investments and the handling of checks. Key figures in the company are Pioneer Fisher, chairman of the board and former president of InsurOmedic Life, and Harold A. Sullens, executive vice-president.

Mr. Harrison charged that Franklin American had violated the securities act by selling stock without obtaining a license; that it had issued 35,000 shares of stock to Allsura Corp., owned by the Fisher family, in exchange for furniture and office supplies, and that it had purchased 72,256 shares of InsurOmedic stock from the Allsura Corp.

### InsurOmedic Fights For Life

Directors of InsurOmedic Life, headed by John P. Green and Lewis B. Lefkowitz, Dallas attorneys, vigorously sought a renewal certificate of authority. They pointed out that the firm's current operational deficit is only \$7,970, which can be offset by a capital reduction.

Commissioner Harrison's hearing order on InsurOmedic Life set the surplus deficit as of Dec. 31, 1957, at \$883,857. He alleged 14 "irregularities" involving improper real estate transactions, illegal loans and other code violations.

## Gordon Hull Heads LIA Gotham Group

NEW YORK—B. Gordon Hull, director of sales service of Mutual Benefit Life, has been elected chairman of Life Insurance Advertisers Assn.'s Gotham group, comprised of members in the greater New York area. He succeeds Paul H. Troth, assistant vice-president of New York Life.

Serving with Mr. Hull are Henry Lloyd, director of publications of Equitable Society, and Henry Farber, manager of field service of Home Life of New York.

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term pencil

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## MANUFACTURERS LIFE

Sample annual premiums per \$1,000  
(minimum annual premium \$60; minimum policy \$7,500)

Age	*Yearly Renewable	5 Year Term	5 year Renewable	10 Year Term	15 Year Term
25	\$ 4.45	\$ 4.49	\$ 5.05	\$ 4.61	\$ 4.80
35	5.09	5.40	6.08	6.01	6.80
45	7.82	8.81	9.91	10.47	12.74
55	16.03	19.04	20.94	23.65	—

\*Renewable for 9 years

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## Urge Tighter Rein On A&S Insurers In Ark.

LITTLE ROCK—Tighter control over accident and sickness insurance and the possible establishment of an insurance commission to work with the department in its jurisdiction over all insurance operations was recommended here last week by the committee on corporations, insurance and banking of the Arkansas Legislative Council. The recommendations are to be transmitted to the full legislative council along with suggestions that the legislative council lend its support to the recodification commission headed by Commissioner Combs, that a schedule of minimum benefits for A&S policies be established as a kind of basic standard for the A&S business, and that steps be taken toward enactment of a qualification law for A&S agents.

### Doctor Relates Abuses

The committee action followed a hearing at which Dr. Sam G. Jameson, El Dorado, chairman of the insurance committee of Arkansas Medical Society, cited numerous instances of reportedly illegal or unethical practices by a few A&S companies and their agents. Dr. Jameson had before him a pile of statements charging such things as misrepresentation of policy provisions by agents, misleading advertising in local papers, agents filling out application blanks and not giving correct information on applicant's health status, and the actions of certain companies in unsatisfactory claim procedures, usually stemming from policies offering limited benefits. As an example of agent irresponsibility he cited a case in which a 62-year old woman was sold an A&S policy with a maternity and obstetrical benefits rider for which an extra premium was charged. He attacked the unlimited cancellation privilege of some policies which permitted, he said, a company in some instances to cancel out while the insured was actually in the hospital.

### Only Few Insurers At Fault

Mr. Combs emphasized that most of the complaints to the department and many of those cited by Dr. Jameson come from the operations of a relatively few companies, and many of these are due to the kind of agents these companies put into the field. He stressed that the department has no control over benefits or premiums of A&S policies.

Assistant Commissioner Glynn Sawyer, counsel for the department, said the policies with limited benefits also had limited premiums, and most of the complaints investigated by the department showed the company in question to be "technically correct" if not morally so.

## Cleveland CLU Chapter Elects R. F. Politzer

Cleveland chapter of CLU has elected as president Robert F. Politzer, Canada Life. Other officers elected are W. Allen Beam, State Mutual Life, executive vice-president; Robert Cisar of Mutual Benefit Life and Hadsel S. Easton of Home Life, vice-presidents; John F. Schmitt, Mutual of New York, treasurer; and Clarence Pejeau, Massachusetts Mutual, secretary. New directors are Leight H. David, Equitable Society; Robert K. Clark, New England Mutual Life, and James A. Pejeau, Massachusetts Mutual.

## Chicago Assn. Names Schott President



New officers of Chicago Assn. of Life Underwriters shown at the annual breakfast and election meeting, from left, George Schuermann, Union Central Life, 1st vice-president; Robert K. Schott, Phoenix Mutual Life, the new president; Gerhard C. Krueger, Equitable of Iowa, retiring president; Herbert A. Hedges, general agent Equitable of Iowa, Kansas City, the speaker; Oliver R. Aspegren Jr., Ohio National Life, 2nd vice-president, and Roy D. Simon, Penn Mutual Life, national committeeman. Not present for the picture was William McKechney of Northwestern Mutual Life, the new treasurer.

The well-attended breakfast, which always draws around 500 life men, heard that 152 Chicago association members had qualified for MDRT, 505 members won the National Quality award, 144 were enrolled in CLU

classes, and 400 in LUTC. Seventeen past presidents dating back to 1924 were on hand, and Robert J. Murphy, Prudential, immediate past president of Chicago CLU chapter, accepted the Freeman J. Wood trophy for the associated organization which had given the most distinguished service to the Chicago association in the past year.

### Pittsburgh Agents View Slide Narrative On Social Security

Albert C. Adams, president of National Assn. of Life Underwriters, presented the NALU slide narrative on social security at the annual meeting of Pittsburgh Life Underwriters Assn.

The presentation, entitled *Can We Have Sound Social Security?* graphically depicts the dangers of over-expanding and over-liberalizing the social security program. It was produced by NALU under the personal direction of Mr. Adams.

## New Policies Issued By Postal Life, ADB Limits Increased

Postal Life has brought out two new policies, the equity builder with a \$40,000 minimum and a new executive special with a \$15,000 minimum, and has increased the maximum amount of accidental death benefit.

The equity builder is an endowment at age 90, has high first year cash and loan values, and is specially designed for split dollar, corporation owned insurance, loan financed and similar plans. The executive special is a whole life at age 90 similar to the former policy of the same name, but having a minimum which has been cut from \$25,000 to \$15,000.

Commissions on the equity builder are 35% and nine 8½%. The schedule for the executive special is 55% plus nine 5s. In addition, three group insurance and continuance service fees are payable to agents and brokers who meet the qualifying requirements.

Each of the two new policies has a special dividend option that provides that the annual dividend may be used each year to purchase one-year term equal to the current year's cash value. If the dividend is larger than the premium needed to pay for this coverage, the surplus is used to reduce the premium. If the dividend is not adequate, the insured has the further option of paying the difference in cash, up to attained age 65. After 65, the amount of insurance will be limited to what the dividend can purchase. This option is available to the insured at issue.

Under some methods which have been devised to provide this type of supplementary insurance, the coverage terminates abruptly at a certain point and there is a sharp drop, about 50% on the average, in the net insurance estate. Under the Postal plan, the coverage tapers off gradually after age 65 and substantial additional coverage is provided even at very high ages.

### Maximum Amount Increased

Postal has also increased the maximum amount of accidental death benefit which it will issue on one life from \$100,000 to \$150,000 with all companies.

Postal is also issuing new policy forms with modernized format and liberalized benefits.

In the new policies, ownership assignment and surrender provisions are more detailed and a new 15-day common disaster clause is included. Two sets of policies are available, one for standard cases and another for substandard life and endowment cases beyond class B. The reinstatement of lapsed policies has been extended from three to five years.

Term conversions have been liberalized so that five and 10-year term can be converted at any time prior to their expiry dates, to age 65. The new mortgage redemption policies can be converted for 100% of their current value. Life expectancy term contracts can be converted up to age 65, or if running beyond that age, to five years before expiry. The five-year renewable and convertible renewal provisions remain the same, while the five-year term renewal period has been increased from age 60 to 65, and the 10-year term from age 55 to 60.

Major changes have been made in settlement options. The guaranteed interest rate has been increased from 2% to 2½% across the board.

# COMMONWEALTH LIFE

## INSURANCE COMPANY

Commonwealth, one of the Nation's billion-dollar companies, extends congratulations to all N.Q.A. winners.



HOME OFFICE:  
Commonwealth Building  
Louisville

The Tallest, Finest Office  
Building in Kentucky

## 1958 Unique Manual Of Life Insurance Is Published

The 1958 "Unique Manual of Life Insurance," the only annual reference book that provides information on the financial and operating figures of the companies, and also presents comprehensive data concerning policies, rates,

dividends, values, settlement options, etc., has been published by the National Underwriter Company. With its unique and encyclopedic treatment of these two major subjects, this widely used authority is now in its 60th annual edition. In its 1,600 pages are the answers to practically any question about a life company or its policies.

### Nearly 1,000 Pages

Consisting of two major sections and many important sub-sections, the "Unique Manual" contains nearly

1,000 pages of the latest policy provisions and the figures concerning these policies—all arranged in an easy-to-use standard manner. Much more rate, value and cost and settlement option information is provided in this section alone than in any other life reference book published. Many special subjects are covered in its various sub-sections such as the details concerning juvenile insurance, single premium rates, industrial policies, reserve figures, and the income payable under settlement options of

contracts issued many years ago. One sub-section of more than 100 pages gives a complete list of all policy forms not shown in the regular rate pages, with illustrative rates and explanations. Over 10,000 different contracts are treated in this sub-section alone.

### Cover All Changes

The almost revolutionary changes in the contracts, rates, dividends, limits, minimums, etc., that have occurred in the past year are reflected in practically every page of the 1958 edition. Many more companies are now grading premiums by policy size, have separate rates for women or are offering "family policies." Quite a few have introduced additional special plans including those with high minimums and high early cash values. Many policies are now being issued at older ages. Other liberalizations have been made in the underwriting of pilots, the issuance of insurance to women, disability and accidental death provisions and limits. All in all, there have been a great many important changes since publication of the smaller reference books issued earlier in the calendar year, and all of these to date are reflected in the 1958 "Unique Manual."

Following the policy information comes the large section called "The National Underwriter Reports," in which are presented all the official, significant facts and figures concerning the companies. In the 1958 edition, the latest annual statement figures are presented for a total of 1,191 companies. For all the major companies, all factual information of consequence is given in detail. For companies with less than \$15 million in force, of which there are now about 600, briefer facts are presented, including the information on a substantial number of companies not shown in any other similar reference work. Here are presented "Statistics by Years," illustrating the growth of the company and other significant facts in its development and current position.

### Analysis Portfolio

Following the statement figures is a paragraph devoted to bonds, the yield, and amounts of various classes. Similar paragraphs are provided concerning the company's stocks, mortgages, and its real estate.

Large, medium-size and small companies are all treated in this widely used standard authority. There is even a special listing of companies that have gone out of business, changed their names, or merged since 1920. The entire volume is indexed by topics and companies. Advance orders are now being delivered. Extra copies for early delivery may be ordered from the National Underwriter Co., statistical division, 420 East Fourth street, Cincinnati, or any National Underwriter office. The single-copy price is \$16 plus postage.

### Weghorn Agency Expands Life Department, Adds Three To Staff

John C. Weghorn agency of New York City has expanded its life department to handle all size risks, and has added three new staff members to the department.

The life department will be headed by Richard J. Weghorn, son of the agency head. The new additions are Brett Elliott, former group sales and service representative and supervisor for Union Mutual Life, director of research and analysis; Philmore M. Schiff, who has been an agent for Mutual Trust Life, brokerage supervisor, and Miss Ada W. deZayas, administrative assistant.

## GENERAL AGENT OPPORTUNITY

### CAN YOU PROSPECT?

Do your prospects come directly from your own effort, ability and imagination and not from office leads, your supervisor, your manager?

*Can you show others "how to"?*

### CAN YOU TELL A CONVINCING SALES STORY?

If you're doing well right now with what you've got, you'll do better with our proven competitive merchandising plans featuring dismemberment—lifetime income—top value income settlement option—and the premium payment plan of the future, Check-O-Matic.

*Can you inspire and show others "how to"?*

### CAN YOU COMPETE?

Do you enjoy competing with others? More important, do you compete with yourself?

*Can you instill this spirit in others?*

### DO YOU REALLY WANT TO EARN MORE MONEY?

Do you want to earn top present and future dollars for your own personal "know how" and for your ability to show others "how to"?

### HERE'S YOUR ANSWER!

Highest lifetime service fee in the business to adequately compensate the career underwriter—fully vested renewals for 9 years—top 1st year commission on par and non-par policies—agency office allowance—non-contributory pension plan—operating capital for new agents.

**Write, Wire, Phone**  
FREDERICK E. JONES, President  
HOWARD W. KRAFT, Vice President  
and Director of Agencies

**THE OHIO STATE LIFE**  
*Insurance Company*  
COLUMBUS 15, OHIO

Opportunities in: Arizona, California, District of Columbia, Delaware, Florida, Georgia, Illinois, Indiana, Iowa, Kentucky, Maryland, Michigan, Minnesota, Missouri, North Carolina, Ohio, Pennsylvania, Texas, Virginia and West Virginia.



# APPEARING 134,866,000 TIMES

## ... to help land more sales of this popular New York Life product!

For today's new patterns in living...  
New designs for financial security from New York Life!

the new  
method

New plan for modern families insures the lives of you,  
your wife, your children—all in one convenient policy!

A faster pace of living... more things to plan and enjoy together... add up to a whole new look in today's family living. And designed to fit into this modern pattern is New York Life's new Family Insurance Plan—a single low-cost policy that protects you, your wife and children now... helps meet future needs as well. If your family qualifies, each unit of Family Insurance provides these important benefits:  
\$5,000 permanent insurance for you which builds generous cash and retirement values. \$1,250 insurance for your wife if she's your age—more if younger, less if older. Her coverage continues until your age 65\*—can then be converted to permanent insurance. If she dies before you, her insurance becomes payable and then \$1,250 additional insurance covers you until age 65. \$1,000 coverage for each insured child which continues until his age 22 or your age 65—whichever is earlier—which can then be converted to as much as \$5,000 of permanent insurance. New babies automatically are covered for \$500 from 15 days old to 6 months—thereafter for \$1,000—as no premium increase. What's more, if you die, the term insurance on your wife and children becomes fully paid up!  
Premiums are realistically low, too. At age 30, for example, only \$12.17 per month for each unit of Family Insurance. Only \$11.72 under Check-O-Matic. New York Life's special monthly premium payment plan. And dividends can reduce premium payments even further. Ask your New York Life agent about this modern "all together" way to protect your family—or write to address below.  
\*and corporate plans based on policy anniversary nearest age shown.  
The New York Life agent in your community is a good man to know.

**New York Life Insurance Company**  
51 Madison Avenue, New York 10, N. Y. • (In Canada: 320 Bay Street, Toronto, Ontario)  
Life Insurance • Group Insurance • Annuities • Accident & Sickness Insurance • Pension Plans

**Dramatic Advertisements** like this one will be seen by millions in *Life*, *Saturday Evening Post*, *Look*, *Better Homes & Gardens*, *Time*, *Sunday Newspaper Magazine* Sections and daily newspapers. They'll help stimulate even greater demand for New York Life products.

# New York Life Insurance Company

51 Madison Avenue, New York 10, N. Y.

A MUTUAL COMPANY  FOUNDED IN 1845

Life Insurance • Group Insurance • Annuities • Accident & Sickness Insurance • Pension Plans

THE NEW YORK LIFE AGENT  
IN YOUR COMMUNITY  
IS A GOOD MAN TO KNOW **BE**

## Ky. Associations Assail 'Blue' Ads

(CONTINUED FROM PAGE 2)

endorsements by eight other administrators.

The letter to employers reads as follows:

"We of the hospitals have requested that a Blue Cross-Blue Shield representative call on you to discuss the formation of a Blue Cross-Blue Shield group for your employees.

"In our daily contacts with the sick

and injured we have seen the simplicity of operation and the real protection afforded by these plans. Blue Cross is the only plan officially approved by the American Hospital Assn., and Blue Shield is the plan organized by the Kentucky State Medical Assn.

"We hope that you will give a careful hearing to the representative who

will call, and serious consideration to providing this protection to your employees."

The newspaper advertisements, to which the associations took exception, contained the headline, "An important Message to the Citizens of Kentucky: Your Hospital Recommends Blue Cross-Blue Shield," underneath which appeared a letter on the letterhead of "Blue Cross Member Hospitals of Metropolitan Louisville." The letter which was signed by eight hospital administrators reads as follows:

"In our daily contact with the sick

and injured in all walks of life, we have seen the value of the protection offered by Blue Cross and Blue Shield.

"These modern plans for hospital and surgical care allow you to budget for your health care needs. They provide realistic protection for the whole family.

"For your family's sake, and for your own, apply now for protection from unplanned hospital expense.

In the resolution, the associations pointed out that agents of the life insurance industry are men trained to "know the services of insurance and the proper application of insurance," and that hospital administrators and other persons trained in the medical-surgery field, are not qualified to give counsel in this area.

The resolution emphasized that Kentucky State Medical Assn. and American Medical Assn. have always denounced the current trend toward socialized medicine and that both organizations contradict their philosophy of a free profession for themselves in their attitude toward the rights of agents in the insurance agency.

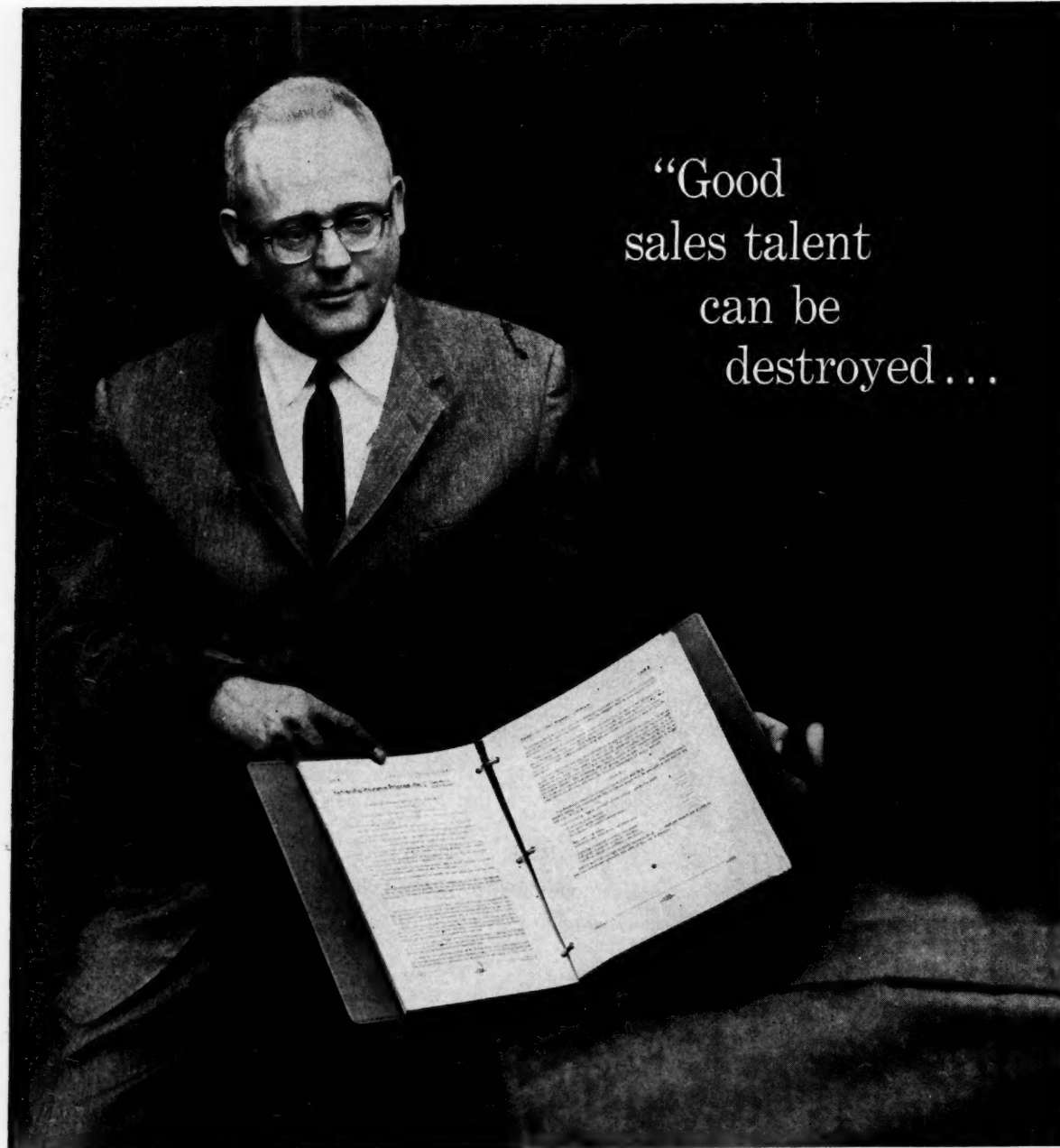
### Deplored Suggestion

The resolution deplored the fact that the employers' letter suggested that the hospital administrators recommended the Blue Cross-Blue Shield plans as the only plans officially approved by the American Hospital Assn. and the Kentucky State Medical Assn. The resolution further condemned "the action of both local and state hospital administrators, who have gone out of their ways to sponsor advertising for the Blue Cross-Blue Shield plans through local and state newspapers in preference to all other plans of hospital expense and surgical benefit plans of insurance."

The resolution called upon agents throughout Kentucky and all individuals of any occupation or walk of life who believe in a free enterprise system, "to oppose the operation of a socialized or a captive system, plan or program of insurance, such as the Blue Cross-Blue Shield plans by any professional group, or any group of institutions maintained through personal contributions or charities in competition with free commercial enterprise, such as represented by insurance companies doing business in the hospital and expense surgical benefits fields."

The two local associations are soliciting the support of all local life agents associations, Kentucky Assn. of Life Underwriters, National Assn. of Life Underwriters, as well as the Kentucky department of insurance, in an effort to bring about more detailed and rigid regulation of the operations of Blue Cross-Blue Shield.

"Good  
sales talent  
can be  
destroyed..."



...before it's even developed, simply by taking a man's sales ability for granted. Berkshire's field management takes nothing for granted...in equipping its agents to meet every kind of sales situation."

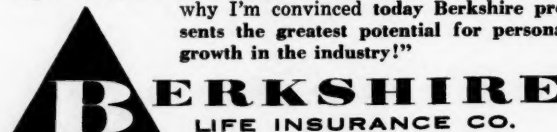
"I've heard new Berkshire agents praise the effectiveness of their basic training."

"That's only the beginning! Berkshire's training program never ends. It utilizes the most modern audio-visual techniques—including motion pictures that simulate actual sales conditions—to develop and maintain peak sales efficiency. Coupled with basic through advanced texts, it's hard to beat."

"That certainly sounds like a terrific program. And it makes good sense! I know from experience that it takes more

than text-book learning to make a successful salesman."

"Berkshire's training people learned from experience, too! They know the value of training, effective and continuing supervision, and how it affects a salesman's income. That's why I'm convinced today Berkshire presents the greatest potential for personal growth in the industry!"



Life, Accident & Sickness, Pension Plans, Annuities

W. Rankin Furey, C.L.U., President

George D. Covell, C.L.U., Agency Vice President

PITTSFIELD, MASS. • A MUTUAL COMPANY • 1851

## Chicago HO Underwriters Hear Rosy Forecast

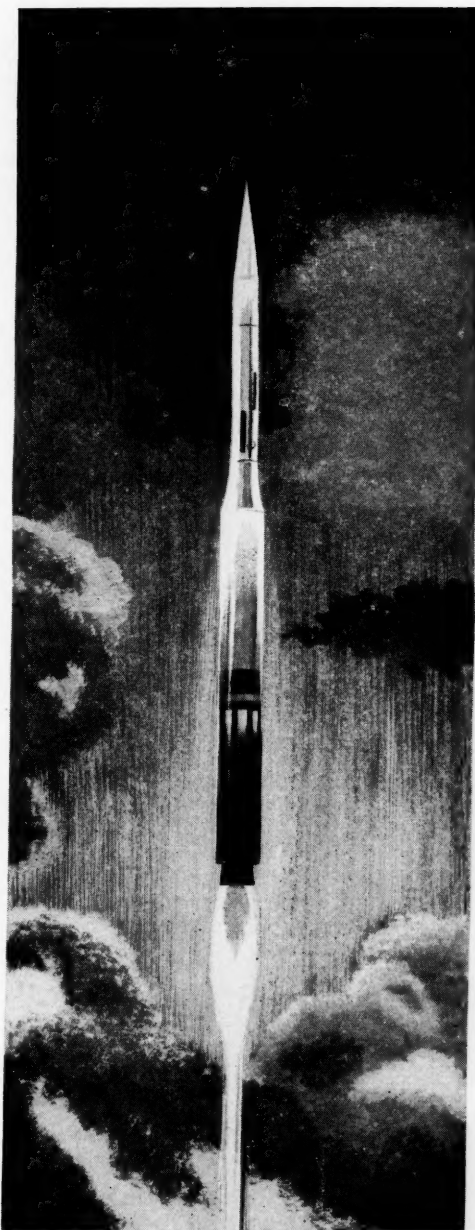
Prognostications of a rosy future for the life and A&S business were voiced by Ernest F. Brewer, underwriting vice-president of Republic National Life, at a meeting of Chicago Home Office Life Underwriters Assn.

Mr. Brewer, a former president of the Chicago association, said he agreed with some observers who foresaw the million dollar producer becoming so commonplace that MDRT would be replaced by the Five Million Dollar Round Table.

"With such great prospects for expanding business, I sometimes wonder why we are trying to sell cheaper by the dozen," he remarked.



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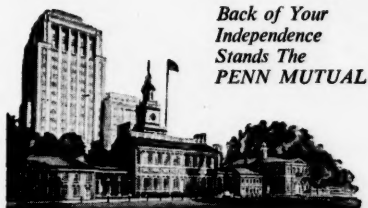


# going UP?

The answer is simple—here at Penn Mutual there are *many* ways up for the underwriter interested in getting ahead. We provide intensive training and educational programs to equip the underwriter for *all* phases of successful selling—from advanced underwriting to estate planning and pension and profit-sharing plans.

And while most successful underwriters prefer to stay in direct sales work, the opportunities are plentiful for those who wish to go into sales supervisory, management and General Agency work.

You see, we believe firmly that *Penn Mutual opportunities should go to Penn Mutual men* . . . and that we should give them every help in attaining their goals. We realize that *their success is our success and their future our future.*



Back of Your  
Independence  
Stands The  
PENN MUTUAL

**THE PENN MUTUAL LIFE INSURANCE COMPANY • INDEPENDENCE SQUARE • PHILADELPHIA**

## Home Office Changes

### United Benefit Life

Richard W. Erdenberger has been named associate group actuary. He has been in insurance for seven years, and becomes the company's youngest officer.

### Praetorian Mutual Life

Paul J. McConachie has been named company controller. Mr. McConachie

has been in insurance in Dallas for the past 12 years, serving as service section chief for National Service Life and in various capacities with other companies.

### Washington National

J. B. Blandford, vice-president and a director of Washington National is now retired and living in Florida. He

was active more than 44 years in the insurance business, of which nearly 35 were with Washington National. First employed as a district clerk for Metropolitan, Mr. Blandford held various field and clerical positions with that company. In 1923 he joined Fidelity of Louisville, which merged with National Life of U.S.A. and Washington L. & A. in 1926.

### Companion Life

George C. Boddigger of Omaha has been elected a director and vice-president of Companion Life.

### Bankers Life Of Nebraska

Charles H. Heyl, vice-president and director of agencies of Bankers Life of Nebraska, has retired under the company's disability retirement program. He suffered a heart ailment last year and was hospitalized several weeks. Mr. Heyl, who has been with the company since 1939, will be on vacation until his retirement date, Aug. 16.



Charles H. Heyl

### Central Standard Life

Dr. Walter J. Karr has been appointed medical director replacing Dr.



Dr. W. J. Karr



Dr. J. E. Boland

John E. Boland, who is retiring July 1. Dr. Karr has practiced medicine since 1929, and has been medical examiner and medical referee for a number of major life companies in the Chicago area. Dr. Boland has been medical director for the past eight years. He was honored by his colleagues throughout the industry by being elected medical section chairman of American Life Convention.

### Berkshire Life

Charles W. Earnshaw has been appointed director of training in the agency department of Berkshire Life. He entered the insurance field in 1932 with Penn Mutual, then became a supervisor of field agencies for Prudential in 1940. In 1948 he joined State Mutual as training director, later was manager at Baltimore, and in 1956 became director of training for Columbian National. He has been a CLU since 1940.



C. W. Earnshaw

### Employers Life

Richard E. Epps has been appointed director of agencies of Employers Life, the newly formed affiliate of Employers group of fire and casualty companies. He has been assistant manager for Equitable Society and a supervisor for Provident Mutual Life at Boston. In 1957, he joined Security-Connecticut Life as assistant superintendent of agencies, later becoming superintendent of agencies and assistant secretary.



Richard E. Epps

### Prudential

Robert P. Vivers has been appointed assistant director of group sales and service at the Minneapolis regional home office. He was formerly district group supervisor at Hartford, and has been with the company since 1947.

**How to "design" hospitalization protection... better suited to your prospect's needs!**

MONEY's new Individual and Family Hospital Policies are good news for Agents and Brokers! Their wide range of deductibles can provide more *personalized* hospital expense protection... protection better suited to your prospect's individual needs. On MONEY's new Hospital Policies, your prospect can select a policy with *no* deductible, or deductibles of \$25, \$50, and in some cases, \$100. The larger the deductible, the lower the premium rate.

Now more than ever before, MONEY's Individual and Family Hospital Policies will appeal to a greater number of *your* prospects. Why not get full information today?

**Inquiries from Agents and Brokers invited**

For more information on MONEY's Hospital Insurance products, write to the nearest MONEY agency, or Mutual Of New York, Dept. TR-68, 1740 Broadway, New York 19, N. Y.

**MUTUAL OF NEW YORK**

The Mutual Life Insurance Company Of New York, New York, N.Y.  
Offices located throughout the United States and in Canada

FOR LIFE, ACCIDENT & SICKNESS, AND GROUP INSURANCE  
MONEY TODAY MEANS MONEY TOMORROW!







## 38¢ OUT OF EVERY DOLLAR

spent on consumer goods and services is spent  
by households that read a single issue of **LIFE**

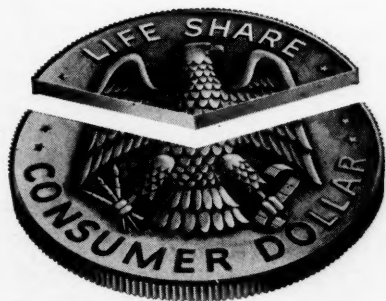
**LIFE** gives you a vast, sure and responsive market every single week. The average issue of **LIFE** is read by 15,320,000 households—31% of all U. S. households. And these 31% buy 38% of all consumer goods and services sold in the United States.

What a market. And what a selling opportunity, when you know for certain that you can reach 38¢ out of every consumer dollar.

These newly released figures from **LIFE**'s *Study of Consumer Expenditures* reaffirm what **LIFE** advertisers already know: that all across the country, people who read **LIFE** are the people who are receptive to selling messages . . . the people who actually do the better-than-average purchasing.

**No wonder** in 1957 advertisers invested \$47 million more in **LIFE** than in the next leading magazine . . . more in **LIFE** than in the next two magazines combined.

Source: **LIFE**'s *Study of Consumer Expenditures*.



Only **LIFE** gives you so much selling support . . . so swiftly, so surely

## Changes In The Field

### Mutual Benefit Life

Albert G. Schmerge has been appointed director of sales for the W. T. Earls agency of Mutual Benefit Life at Cincinnati, which covers 29 Ohio counties, including district offices in Dayton, Hamilton, Springfield, Troy, Findlay, Sidney and Mansfield.

Mr. Schmerge, before joining the Earls agency, was a district manager for Western & Southern Life. Since joining the agency he has written a million dollars each year and is now a life member of the Million Dollar Round Table. For the past three years he has been developing a production unit in Cincinnati that has been responsible for a substantial growth.

### Aetna Life

Aetna Life has appointed Charles F. Eddy associate general agent at Dayton. He has been assistant general agent at Louisville and an instructor in the home office training school. He is a director of Dayton Life Underwriters Assn. and vice-president of the local managers association.

### United Benefit Life

W. W. T. Beckmann has been named manager of the Puerto Rico group office at San Juan. He joined the com-

pany in 1955, and worked in the New York office after completing the group training program.

### Manhattan Life



Robert F. Merz

Manhattan Life has appointed Robert F. Merz as general agent at Spokane. He has been division manager of the ordinary office for Prudential at Tacoma and an agent for Aetna Life.

### Northwestern Mutual Life

Paul E. Herbst has been named general agent at Toledo, O. With the company since 1948, Mr. Herbst has been assistant to General Agent J. Lowell Craig in Milwaukee. He succeeds Elmer V. Getty who will continue with the agency as special agent.



Paul E. Herbst

### Paul Revere Life

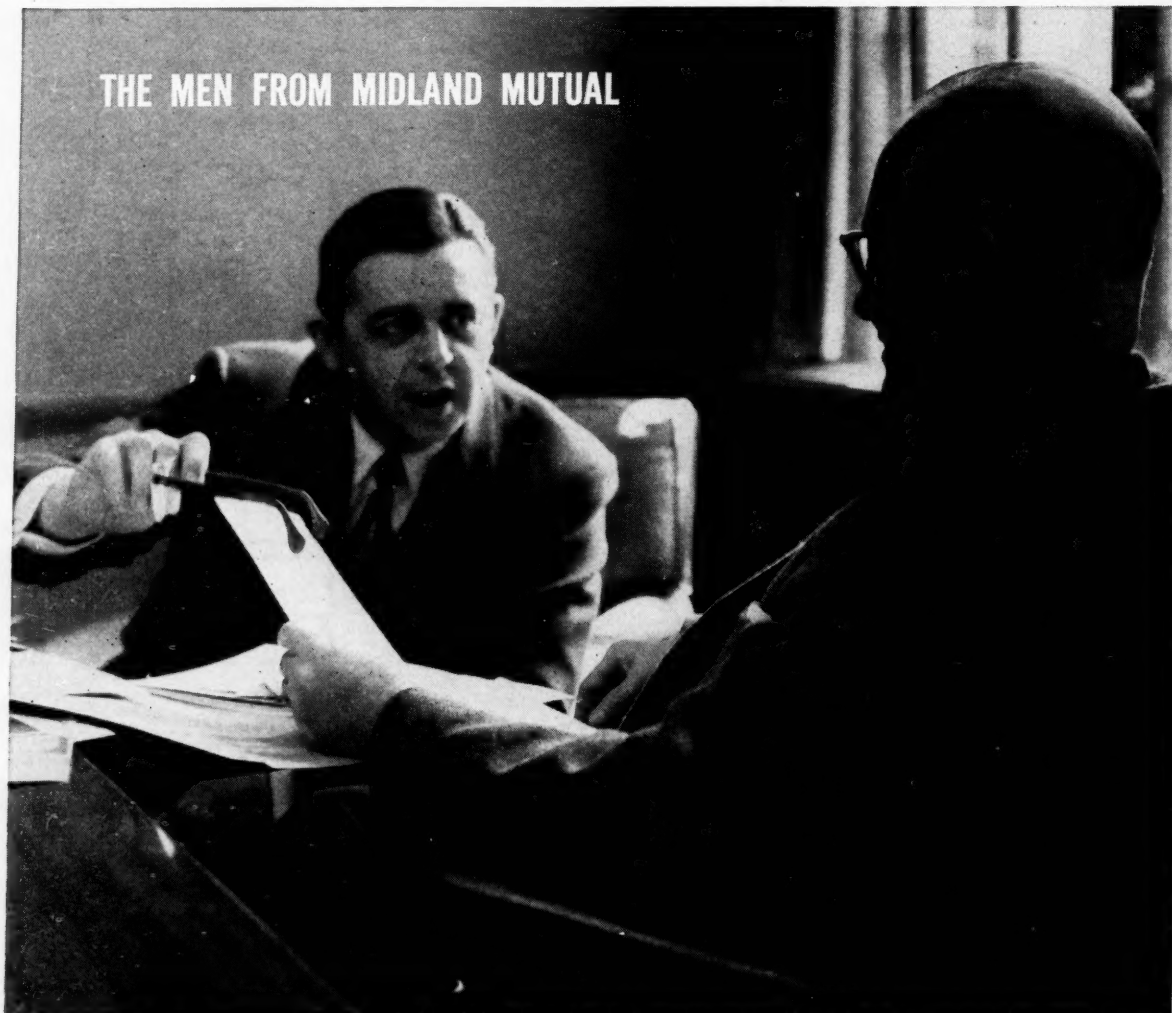


H. Glenn Hunt

H. Glenn Hunt has been appointed training supervisor of the southern sales region for Massachusetts Protective and Paul Revere Life. He has been district manager for State Farm at Nashville and an agent for National Life & Accident.

### Travelers

Travelers has made the following appointments: Richard C. Earl and Marvin E. Herbst as district group supervisors at San Francisco and San Diego, respectively, Glen L. Kelly as



Midland Mutual's chief "product designers": G. Emerson Reilly (right), Vice President and Actuary, and Charles B. O'Connor, Manager of Accident & Sickness Department.

## Modern Plans with Buy Appeal...

provide limitless opportunity for Midland's field force

When Midland Mutual "product designers" prepare a new policy, they look at it from the *prospect's* point of view. They want to be sure of *yes* answers to these vital questions:

Will the plan be a good buy for the prospect? Will it serve an essential need? Will it provide broad coverage at reasonable premiums?

This approach to policy development makes sense — both for prospects and Midlanders in the field. The better the product for the buyer, the greater its chances for sales success.

Midland Mutual offers a comprehensive portfolio of personal insurance plans, both Life and Accident & Sickness contracts. In recent months there have been three outstanding new additions to the line: **FAMILY SECURITY PLAN:** Not a set "package" policy, but a flexible, all-inclusive plan which can be made-to-measure for the individual family group.

**MAJOR MEDICAL EXPENSE:** \$7,500 maximum benefit . . . \$500 Deductible . . . Guaranteed Renewable to age 65.  
**BASIC HOSPITAL AND SURGICAL EXPENSE:** Guaranteed Renewable for life . . . liberal benefits at modest cost . . . issued on both deductible and "first-dollar" basis.

Learn more about Midland Mutual's styled-to-sell plans. Write Charles E. Sherer, CLU, Vice President and Director of Agencies.



Serving Personal  
Security Needs  
Since 1906

**THE  
MIDLAND MUTUAL  
LIFE INSURANCE COMPANY**

256 East Broad Street, Columbus 16, Ohio



Are You a

"Free  
Lancer"  
?

... one of those versatile, rugged individualists who is frankly in this business for the money?

**Then we want YOU**

... and, when you learn about our astonishing new "4-Star Contract"...

**You'll want US!**

Write (strictly confidential) to  
Evans M. Jacobson, Supt. of Agents

**Mutual Savings Life**

Opportunities in  
Arkansas, Indiana,  
Iowa, Kentucky,  
Mississippi,  
Missouri, Ohio.

**Mutual  
Savings  
Life**

St. Louis 12, Mo.



manager and **John W. Morgan** as assistant manager of the mortgage loan office at Portland, Ore. Mr. Earl has been district group supervisor at San Diego and Mr. Herbst has been assistant district group supervisor at Los Angeles. Mr. Kelly has been assistant manager at Portland and Mr. Morgan has been a mortgage loan representative at San Francisco.

#### Indianapolis Life



John E. Richters

**John E. Richters** has been appointed general agent for Indianapolis Life at Hartford. He has been with Travelers for several years.

#### Northwestern National Life

**Gerald R. Skogmo** has been appointed regional group manager at Detroit. In group work since 1948, Mr. Skogmo's territory will include Indiana and Michigan.

#### Colonial Life

Colonial Life has appointed **Charles R. Honce Jr.** regional superintendent in the Pittsburgh area. He has been general agent of Paul Revere Life in northern New Jersey and an agent with Lincoln National Life.



C. R. Honce Jr.

#### Prudential

Prudential has appointed **Robert D. Timmins** as manager at Boston to succeed **Ralph A. Tanguay** who recently resigned, and **Ludwic A. Carino** becomes district manager at Jersey City Heights. Mr. Timmins has been manager at Manchester, N.H., and Mr. Carino has been manager of the Dryden district in Newark.

**Robert J. Stanslow** has been appointed manager of the Pasadena agency. He joined Prudential in 1954 as a special agent in Los Angeles, and was named division manager in 1956.



**Troy M. Zigler** (left) and **Walter S. Payne** shake hands as Mr. Payne turns over the Prudential agency which bore his name to Mr. Zigler. Details were reported in the June 14 issue.

**CAROLINA HOME LIFE** has appointed **William L. Kyle Jr.** as Georgia manager of the credit insurance department. He has been an agent for State Capitol Life in Georgia.

#### TO BE CONSULTANT

### Carter, 47-Year N. Y. Life Veteran, Retires As V-P

**Opie R. Carter**, regional vice-president of New York Life with headquarters at St. Louis, has retired after 47 years with the company. He will engage in consulting work in life insurance agency building, with offices at 818 Olive street, St. Louis.



Opie R. Carter

At the time of his retirement he directed the field agency operations of six field vice-presidents and 99 agencies in 28 states.

Mr. Carter started with New York Life as a clerk, later becoming an agent and from there progressing through every field management position with the company.



**McCord**, founder of Illinois Mutual and great grandfather of the first life policyholder.

**Robert A. McCord**, executive vice-president of Illinois Mutual Life & Casualty, right, presents the first life policy issued by Illinois Mutual to **Michel McCord**, his son, as President **E. A. McCord**, Mike's grandfather, looks on. Four generations are represented in this picture, with the inclusion of the portrait in the background of **O. L.**

#### Herbert J. Lumbra Retires

**Herbert J. Lumbra**, assistant controller and auditor, has retired from State Mutual after 42 years of service. Mr. Lumbra joined the audit department in 1916, became auditor of agents accounts in 1928, assistant secretary and an officer of State Mutual in 1939.

#### Wis. Claim Assn. Elects Lewis

**Milwaukee Accident, Sickness & Life Claim Assn.** has elected **Carroll S. Lewis**, Time, president; **Ethel Schm'dt**, Mutual Benefit H&A., vice-president; **Nolan Olson**, Old Line Life, secretary, and **Jean Carey**, Association Ins. Co., treasurer.

## LIFE WITH PROVIDENT

### Something NEW in LIFE

Provident's new Guaranteed INSUREability Rider already has had a tremendous sales influence for Provident life producers. Guaranteed INSUREability is the ideal gift for a son or grandson. Anyone from age 0 through 39 is a prospect. If the prospect can buy standard life insurance now, low-cost INSUREability guarantees him the right to buy as much as five times the original purchase—an additional \$125,000, depending upon age—all at standard rates and regardless of health!



**PROVIDENT LIFE & ACCIDENT INSURANCE COMPANY**

*Chattanooga—Since 1887*

LIFE ACCIDENT SICKNESS HOSPITAL SURGICAL MEDICAL

## Editorial Comment

### Even Homer Goofed

Some time in 1957 (we're purposely vague) a certain insurance company—and we're not even saying whether it was life, fire, casualty or what—was the subject of some maneuvering that seemed unaccountable to those not intimately in the know.

The general assumption was that something pretty subtle and shrewd was going on. Maybe a scheme for offsetting a taxable gain with a loss.

It was all so inexplicable that the principals thereby substantially heightened their reputations as clever manipulators.

But later information indicates that these supposedly adroit moves were

nothing of the kind. They were just plain wrong guesses. Nothing deep or Machiavellian.

This occurrence suggests that maybe the same explanation is the correct one more often than is generally supposed. Often the bigger the operator the bigger his errors—and of course the more profitable his right guesses, too, or else he pretty quickly quits being a big operator. So when some disastrous action gets you to speculating on possible explanations involving superhuman cleverness, don't forget to take into consideration the most probable explanation: Somebody goofed.—R.B.M.

### Kibitzer Plenipotentiary

Once again we are being treated to the spectacle of the state of New York allegedly knowing more about how an insurer should operate than the insurer itself does.

This time it is Superintendent Wikler's denial of the 40% rate increase sought by Associated Hospital Service, the New York City Blue Cross plan. Instead, he has offered AHS barely half of what it asked for—a 22.3% increase, to be precise, to run until Sept. 30, 1959. By that time it is expected that a study now being conducted will have demonstrated how the hospital and Blue Cross can save a lot of money and get along on a lot less than they think they need.

President Charles Garside has indicated he will accept the 22.3% increase.

"What else can we do?" he said dejectedly.

The airy assurance of the New York department in telling AHS that it needs only half the increase it asked for reminds us of the "Rules for Visitors" sign that used to hang in the engine room of the old-time Lake Michigan steamer "Virginia." One of the rules read: "If you see anything wrong with the engines, be sure to tell the engineer. He probably would not know about it, since he is only around the engines every day."

Somehow we feel that a visitor in the AHS engine room, even one as well-informed as a New York department technician, wouldn't know as much about what ought to be done as the people who are there every day and, more than that, are charged with primary responsibility for keeping the craft afloat and operational.

The New York department, like all insurance departments, is given a high degree of responsibility. But you only have to look back to the Preferred Accident fiasco of a few years ago to be reminded that even a department as good as New York's is no substitute for sound management.

When an insurer's management wants to pursue a safer and more conservative course than the insurance department thinks is called for, there would seem to be an extremely

heavy responsibility on the department to prove that its judgment is better than the insurer's. In fact, in the absence of a clearly exaggerated demand on the part of the insurer, it would seem the part of the wisdom for the department to be extremely cautious about denying the relief that is asked for.

For the New York department to say, in effect, that AHS wants almost twice as large an increase as it actually needs seems fantastic, unless the department can point to some pretty huge extravagances in what AHS is doing. It has not done so. It merely hopes that its pending study will turn up some helpful hints, not only for operating AHS more cheaply but for operating hospitals more cheaply.

Since AHS has no control over the expenses of its member hospitals, the department's attitude is a little like denying fire insurers a rate increase on the ground that their insured should live in less combustible houses, or granting only half of a needed increase in auto liability rates until the department made a study of how claims could be cut by requiring all car owners to install speed governors.

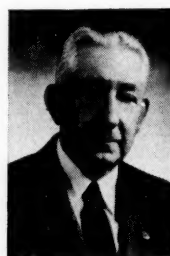
The New York department system of forcing an insurer to skate on thin ice has all the disadvantages of state socialism and none of the advantages. Under the present system, the New York department limits AHS's financial strength but takes no financial responsibility whatever for any untoward results, as it would if the state were doing the insuring instead of acting as kibitzer plenipotentiary.—R.B.M.

### Uphold St. Louis Decision On FTC Cease And Desist Order

ST. LOUIS—U.S. court of appeals in St. Louis has dismissed the petitions of American Life & Accident and Automobile Owners Safety Ins. Co., both seeking a review of the two to one decision by the appellate court upholding cease and desist orders of the Federal Trade Commission. In addition to denying the petitions for rehearing, the court has affirmed the cease and desist orders and ordered them enforced.

## Personals

James F. Ramey, chairman of the finance committee of Washington National, recently observed his 35th anniversary with the company at special ceremonies held in the home office. He is also marking his 58th year in insurance.



James F. Ramey

When Mr. Ramey joined one of Washington National's forerunner companies, Fidelity L. & A. of Louisville, as secretary

in 1923, he resigned as insurance commissioner of Kentucky.

In 1926 he became vice-president and secretary of the then Washington Fidelity National and in 1938 became executive vice-president and secretary of Washington National. He relinquished these latter duties Jan. 1, 1951, but continued with the company in his present capacity. He is also a director.

John W. Lawrence, general agent for Massachusetts Mutual in Chicago, with his wife and daughter, Sharon, sailed for Europe on the *Queen Mary* on June 18 for an extended vacation. The Lawrence's plan to buy a car and tour the continent, visiting England, Belgium, Netherlands, Germany, Switzerland, Italy and France.

Frazar B. Wilde, president of Connecticut General, has received an honorary doctor of laws degree from Wesleyan University. George Skilton, Connecticut General vice-president and Wesleyan alumnus, presented Mr. Wilde his degree.

Allerton C. Hickmott, vice-president of Connecticut General, has received an honorary doctor of letters degree from Trinity College. Mr. Hickmott was also elected a life trustee of the college.

Roy Gundersdorff, general agent of Equitable of Iowa in northern New Jersey, has been appointed director of public affairs of Nutley, N. J. Mr. Gundersdorff is a director of Newark General Agents & Managers Assn. and a past president of Newark Life Supervisors Assn.

## Deaths

ROBERT H. CHERRY, 65, southern superintendent of agencies of Bankers Life of Iowa until his retirement in 1954, died in San Antonio after a short illness. From 1915 to 1942, he and his father operated an agency in San Antonio for that company and upon termination of the agency, he was appointed to the post of superintendent.

EDWARD H. JONES, 53, assistant manager for Southern Life at Goldsboro, N.C., died at Wayne Memorial hospital.

FRANCIS L. BRACKETT, 51, associate manager in Los Angeles for New York Life since 1954, died. Mr. Brackett joined New York Life in Detroit, later becoming agency organizer at Lansing and Detroit and agency di-

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DETROIT 26, MICH.—613 Lafayette Bldg., Tel. Woodward 5-2305. William J. Gessing, Manager for Indiana and Michigan.

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MINNEAPOLIS 2, MINN.—1038 Northwestern Bank Bldg., Tel. Federal 2-5417. Howard J. Meyer, Northwestern Manager.

NEW YORK 38, N. Y.—17 John St., Room 1401, Tel. Beekman 3-3958. J. T. Curtin and Clarence W. Hammel, New York Managers.

NEWARK 2, N. J.—10 Commerce Ct., Tel. Market 3-7019. John F. McCormick, Resident Manager.

PHILADELPHIA 9, PA.—123 S. Broad St., Room 1027, Tel. Pennypacker 5-3706. Robert I. Zoll, Middle Atlantic Manager.

ST. LOUIS 2, MO.—221 Pierce Bldg., Tel. Chestnut 1-1634. Geo. E. Wohlgenuth, Resident Manager.

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rector at Grand Rapids and Youngstown.

**MARSHALL RANDALL**, assistant manager of the Riverside, Cal., office of New York Life, died.

## Too-Big SS Benefits Can Boost Inflation: Miller

(CONTINUED FROM PAGE 1)  
balance now and an increase now would create an imbalance.

Mr. Miller emphasized that frequent and unneeded changes in the benefit structure should be avoided. Changes in benefits should be geared to long-term trends by considering changes in price levels over long periods of time, and then only on a basis of sound principle and after expert study. In the latter connection he mentioned two pending studies which he said should be particularly helpful—the study by the Advisory Council on Social Security Financing appointed last October by Secretary Folsom of the Health, Education & Welfare department, and the study recently begun by National Bureau of Economic Research on the economics of pensions, both voluntary and compulsory. LIA has made a grant to assist the latter study.

Proposals to increase the present \$4,200 social security tax base, said Mr. Miller, are inconsistent with the guiding principle of maintaining the annual wage base limit at a level not exceeding the average full-time earnings of male and female workers. Since such earnings now are about \$4,100, there is no necessity for raising the limit today, he said.

"An increase at this time in the \$4,200 wage base would mean additional benefits above the floor-of-protection level only for the minority of people who have above-average earnings," said Mr. Miller. "The recipients of these extra benefits are those people who are in the best position to build their own supple-

## Skoglund On Whirlwind Tour

President H. P. Skoglund of North American Life & Casualty, and his vice-president and director of agencies, J. E. Scholefield, are on a whirlwind tour of branch offices. Mr. Skoglund is marking his 25th year as president of North American L. & C. and is attempting to visit all of the company's 32 offices in 25 days. In his first 11 days he has visited 12 offices, including a meeting of the field men from Calgary, Alberta, aboard the company airplane.

mentary protection on a voluntary basis. To grant them benefits above the floor of protection provided for individuals with average earnings would tend to discourage them from doing so."

Mr. Miller also raised serious questions about proposals to provide hospital, medical and nursing-home benefits for social security beneficiaries. Such a program represents the first step toward compulsory federal health insurance, which would cripple or destroy the institution of voluntary health insurance, Mr. Miller warned.

"The past two decades have seen a striking increase in the amount and quality of the protection provided by voluntary health insurance," he continued. "Well over 120 million individuals now have some form of health insurance, while benefit payments are being made at a rate of about \$4 billion a year.

"Because the voluntary system started out by insuring for the most part, the people currently employed, and is still a fairly new development, there has been a natural lag in covering the aged. However, great progress has been made and is being made in overcoming this lag. It should be particularly noted that within the past few years many employers have begun to assume the responsibility of contributing to the medical care benefits of retired employees and their beneficiaries."



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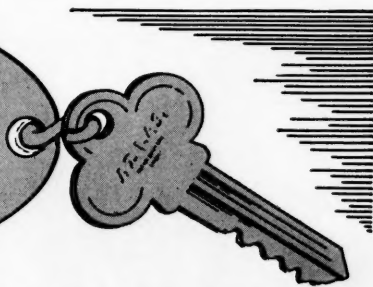
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## MDRT Room-Hopping Repeats Popularity

(CONTINUED FROM PAGE 2)

to a local bank trust officer, my reasoning being that the trust officer is completely unbiased as to life insurance but is the logical man to evaluate his estate. This has been very successful for me and I have yet to take a man to a trust officer without having that officer recommend life insurance.

"The other avenue I take is if the prospect appears immovable because of a close relationship with a good agent or company. I congratulate him on his excellent choice and then with the selling pressure removed ask him for referrals. This has been one of my most fruitful sources of referrals."

Bernard C. Lewis, Prudential, Newark, gets about 60% of his sales from

old policyholders, 35% through referrals, and 5% through cold canvass. Moreover, he has never written an application that was not prepaid.

"From the outset," he said, "I thought it was normal to get paid when getting a prospect to sign an application. It all adds up to a positive attitude and being practical. I have never asked a prospect to buy that which I don't feel I would have purchased had I been in his position."

"Judging from the financial situa-

tion, I close on this basis: 'Mr. Prospect, I assume that you wish to pay for this new policy on an annual basis, or on a quarterly basis.' This is my usual way of closing and it happens so automatically that it is like driving your automobile. You don't think about how you drive it—you just do it. For me, closing in this manner is just as automatic, hence, always getting a prepayment."

### Quotes Rejoinder Used

Explaining how he sells prospects so they continue to be clients, Robert J. Spooner, Equitable Life Assurance Society, Appleton, Wis., quoted the following rejoinder he uses on prospects who try to fend him off by saying they're not in the market for life insurance:

"Mr. Jones, I'm a very greedy person. If you are ever going to buy any more life insurance, I'd like to sell it to you. But how can I qualify myself for that sale? The only way I know of is to give you some good free service today. After all, businesses spend millions of dollars in advertising, don't they? Why? They are hoping for future business. Mr. Jones, I'm enjoying an excellent business today, but I'm going to need new business tomorrow. Why don't you allow me the privilege of helping you now in order that I might qualify for your future business?"

### Usually Get Information

"At this time I am usually able to ask him enough properly phrased questions so that he will give me the information I am seeking. It's really a lot of fun to try and anticipate what the prospect is thinking when I am asking him these questions. It becomes even more fun to see the complete change in the person, once his resistance has been broken to a point where he begins to visit freely about his family, business and confidential affairs. If I am not able to get complete information from him at this time, I am generally able to establish a definite time when I can get together with him again to procure it. Naturally, there's a certain percentage of the people I talk to that I can't interest. This is the time I feel I must be able to eliminate them if I feel that the individual is not a good one for me."

Irving F. Ash, Mutual of New York, Beverly Hills, Cal., discussed simpli-

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fied selling of larger cases, these being defined as \$25,000 to \$200,000:

#### Word Of Caution On Trusts

"Trusts are a very important procedure. It would be impossible to get into a discussion of trusts in this short time but one word of caution I believe is in order. In the event securities are placed into a trust by the parents for the children and the income from this trust is used to purchase insurance on the lives of the parents, who in this case are the donors, be extremely careful since the income used for this insurance is now considered reportable income to the parents who are the donors of the trust. True, the insurance proceeds in the event of death of the parents who are the insureds would pass to the children free of estate taxes. Again I would like to caution that this is true under the present laws. It was not so true a very short while ago. It could very easily be that the new session of Congress could vote in a reinstatement of at least a part of the premium payment test.

"I never like to unload all of the ammunition at one time. In addition to the above we always have one more possible sale of life insurance and that is insurance on the life of the wife, since her death also would present a tax on an estate which the husband has always considered his. At least in our community property states this is very prevalent. We all like to cite the case of Dixie Crosby whose death presented taxes to Bing in the amounts of hundreds of thousands of dollars."

#### Make-Up Of Planning Group Told

David A. Bardes, Mutual Benefit Life, San Francisco, discussing estate planning, explained his group system of operation, which includes an attorney, a CPA, an investment counselor, a general insurance broker, an expert estate planner and a number of real estate experts:

"In most cases, our first interview is to introduce the prospective client to our service and ideas. I may start out this first interview with the following remarks: 'Doctor, we have found from experience that there has been too much emphasis placed on only one aspect in estate planning, and this is the death element. We prefer to take a somewhat different approach and like to point out to you exactly how your estate picture will look if you live. The mortality tables tell us, Dr. Wagner, that the chances are two out of three that you are going to live to retirement.

"I'm sure you know exactly how much life insurance you own at this moment but, Doctor, if I ask you how much your life insurance is worth on your personal balance sheet today, I doubt very much if you could give me that answer. Do you know what your life insurance is worth today?"

#### Show Importance Of Cash Values

"When he replies in the negative, I bring out my audit and show him my insurance program, illustrating how my net cost decreases each and every year and explain to him the importance of watching these cash values grow. I point out that this money is his working capital and can be used for many opportunities. I then go on to point out my will and trust on the left hand side of my fold-over audit and point out to him the advantages of a trust instrument."

Edwin G. Davies, Manufacturers Life, Los Angeles ("Open Sesame to the Close Corporation"):

"You simply address this question to your prospect, a stockholder in a close corporation: 'Mr. Prospect, have you at the present time or is it conceivable that you might in the future have a bank loan for the purpose of implementing your working capital?'"

"Few corporation executives will be in the very fortunate position that they can answer no to both of these questions. Many corporations will have already arranged some such loan with a bank. Most others will admit that future expansion etc., would very probably result in the need for such financial assistance.

#### Use Fine Print As Bombshell

"Now here comes your bombshell: Take the green loan forms that were handed to you as you entered this meeting. This form is the one used by one of the largest banks in the world and the forms used by most banks are similar. Turn over to the back of this form and let us read some of the fine print that we are always hearing so much about in contracts.

"I will read from sub-paragraph e. 'If borrower is a corporation, it will

not, without the consent of the bank, pay any dividends on any of its outstanding shares or purchase or retire any of its shares, or alter or amend its capital structure.'

"What are the implications of this paragraph? The borrower will not purchase or retire any of its shares. Therefore, any stock agreement that is in effect between a stockholder and the corporation could not be put into force until the bank loan had been liquidated or renegotiated."

#### May Violate Prior Agreement

Mr. Davies said the corporation may have, in effect, by signing this agreement, violated a previous agreement which it had entered into under the stock retirement agreement, since it may not be in a position, should a stockholder die, to immediately liquidate the bank loan. Moreover, renegotiating a loan, after the death of a key executive, may not be so easy as had been thought.

In one case a stock retirement agreement called for the purchase of the executive's stock, the initial payment to be made 90 days after his

#### Mutual Of New York Lifts ADB Underwriting Limit

Mutual of New York has extended its underwriting limit on the amount of accidental death benefit an insured can hold in all companies to \$150,000. This is \$50,000 over the former limit. Mutual's own issue limit will remain the same—\$100,000 of ADB when approved at standard rate and \$50,000 when rated up.

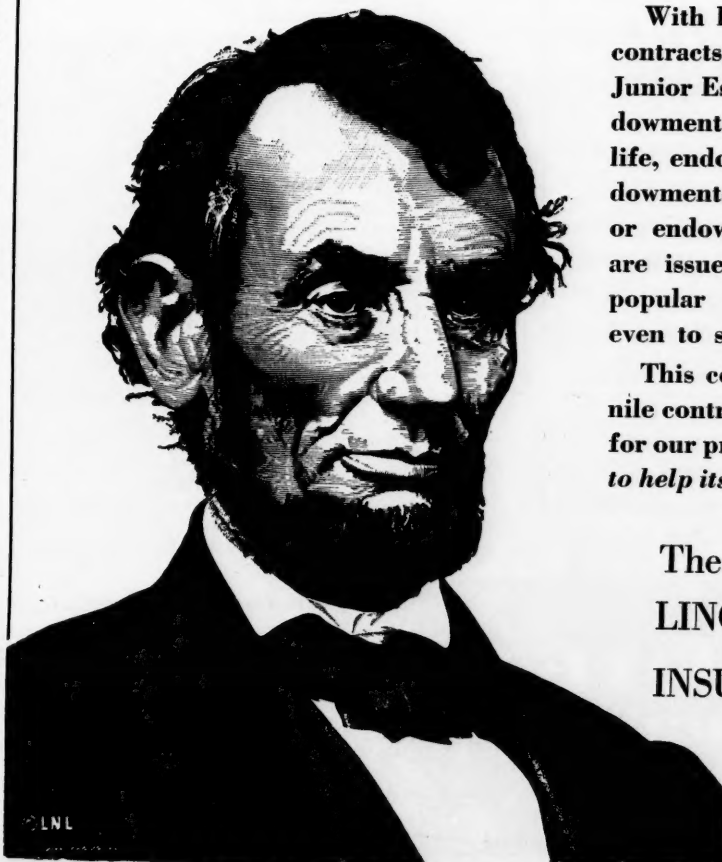
death. However, the bank loan is considerably larger than the down payment, which called for \$50,000 and was financed with life insurance. The result would be that the bank would take the \$50,000 of key man life insurance provided at his death and the corporation would not only be unable to meet its obligation under its agreement with him but would have to find additional money to pay off the rest of its obligation to the bank.

At this point the agent is the guardian angel, with the one answer that will prevent disastrous termination, by selling key man life insurance on

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INSURANCE COMPANY

Fort Wayne, Indiana  
Its Name Indicates Its Character

the life of the man in the corporation to whom the bank would look for the satisfaction of its loan.

#### Explains Selling System

Joseph N. Desmon, Continental Assurance, Buffalo, explained his system of selling pension plans for small businesses:

"I believe that a person can conduct a general life insurance business and at the same time sell a substantial amount of pension business without being a consultant or a so-called specialist in the field of pensions. In fact we make a special point of publicizing the fact that our business is not limited to pensions because we want our clients and prospective clients to know that we are equipped to handle all of their life insurance needs, both business and personal. I have had 25 years experience in selling life insurance—pensions have been a very important segment for the last 15 years, therefore, I know that this kind of operation can and does work successfully and profitably.

"In the pension field just as in all other areas of life insurance selling, it is essential that procedures be standardized as much as possible in order

#### Hartford A&H Assn. Elects

William F. Monk instructor at the training center of Hartford Accident, was elected president of Hartford Assn. of A&H Underwriters. Samuel Levitt of Paul Revere Life was elected vice-president, and George J. Richards of Monarch Life secretary-treasurer. The new executive committee comprises Ansel Arnold of Travelers, chairman; Joseph Dillman, Paul Revere Life; Lyle Pelton, Life Insurance Agency Management Assn.; William F. O'Connor, Washington National; Beecher Swaim, Continental Assurance; J. Vincent Budds, Warner & Budds Agency, and Fred Dinehart, Metropolitan Life.

Mr. Richards and Mr. Dinehart represented the unit at the annual convention of the International Assn. of A&H Underwriters at Los Angeles.

to do a maximum job with a minimum of time and effort. This we have done although we are constantly seeking methods to improve our effectiveness.

"We have recognized that service both to employers and employees must receive our prime consideration. Every possible effort must be exerted in order to keep employers satisfied and employees constantly aware of the ben-

#### Reeves Heads State Of Ky.

H. Clyde Reeves, executive director of Kentucky State Fair & Exposition Center at Louisville and for 20 years a state politician and insurance man, has been elected president of State Ins. Co. of Kentucky.

State of Kentucky writes hospital, medical, surgical and income protection and life policies on individuals. The chairman is John D. MacArthur, who is also the president of Bankers Life & Casualty of Chicago. Mr. Reeves will continue as head of the state fair organization. He was with Bankers L&C several years ago as an administrative assistant to Mr. MacArthur and later was in charge of public relations of Stephens College Columbia, Mo. As president of State of Kentucky he succeeds Thomas P. Rogers, resigned.

efits being provided. I feel that this attitude on our part and the extent of our follow-through has been one of the main factors in our success with small pension plans.

"We are proud of our record over the past 15 years because none of our plans have gone off the books. I might add at this point that one of our main reasons for confining our efforts to small pensions plans is the fact that these plans are not target risks. We do not have the problem of competitors attempting to upset our plans. This we like and this lends itself to a profitable pension operation."

Discussing business insurance for sole proprietorships, Z. Willard Finberg, Great-West Life, St. Paul, gave these sales motivation pointers:

"The skip of a few heart beats may mean the windup of a 'one-man' business.

#### Life Insurance Adequate Safeguard

"Life insurance is the best way, almost always the only way, of adequately safeguarding the 'going concern value' of a sole proprietorship.

"Immediate cash to pay business debts, so they do not become family debts, is the first great need for business life insurance.

"The disappearing value of the business, representing the owner's dollar-worth to it while alive, and which his family loses forever when the business must be liquidated or sold, can be replaced by business life insurance.

"An adjustment fund to stabilize the business when the family, or a member of it, is to inherit it as a 'going concern', can be provided by business life insurance.

"Equalization of inheritances when one or several of a group of heirs do not inherit a share of the business, can be effected through business life insurance.

"Cash to fund a buy-and-sell agreement between the owner and an employee or group of employees can be furnished by business life insurance.

"A liquid reserve fund for emergencies, opportunities, retirement, can be set up through business life insurance.

"A lifeblood of any business, its credit rating, is strengthened by business life insurance.

#### Take Advantage Of Opportunities

"Every sole proprietorship has at least one need for business life insurance. There are rich opportunities in this easy-to-sell market. Take advantage of them!"

Mark Higgins, Equitable Society, Pittsburgh, discussing group insurance coverages: "Since our last meeting we have another new group coverage which should mean lots of business for us—long term disability income. This will probably attract the same

attention and start moving as rapidly as major medical. Equitable has come out with a new plan which will run for a period of disability of five or 10 years, or, if so desired up to age 65.

"These benefits will integrate with existing disability plans by using the benefit-paying period of these short-term plans as the waiting period. In other words, if they now have an A&H plan with a 26-week maximum, the long term disability would start at the end of the first 26 weeks. The amounts will depend upon income up to a maximum of around \$1,000 a month . . .

#### Being Adviser Once-A-Week Job

"In my estimation you have to watch your group cases closer today than ever before. Being an insurance adviser with companies is not a once-a-year job when a dividend is delivered, but it is a once-a-week job 52 weeks in the year. In other words, you have to work hard to earn your commission. I find you cannot leave too much of the work up to the insurance company or the first thing you know you are out of the case and someone

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else is in there. You have to live with your cases more than ever before, keep up to date on everything that is going on, expand your knowledge, and truly be an insurance adviser to your clients."

Leading a discussion on insuring uninsured profit-sharing and pension plans, Alfred S. Howes, Connecticut Mutual, New York City, said:

"There is no direct solicitation, but the technique is to induce the client to come to the agent. The best original sources of clients for pension and profit-sharing plans are clients who have purchased corporate key-man and deferred compensation life insurance. They are induced to ask about life insurance, as applied to existing trusts, by casually teasing them with stories about others who have found it to their advantage to add life insurance to their existing plans.

#### Endless-Chain With A Difference

Additional clients are acquired from the endless-chain method of prospecting but with a difference: inducing the prospect to call me. This technique requires continuous reselling and servicing of established plans by means of regular letters distributed frequently. The sources of new clients are attorneys and accountants who would like friendly cooperation of life underwriters."

John Mulock, Mutual Benefit Life, Clearwater, Fla., discussing what he termed the "super split dollar" in deferred compensation, said:

"Super split dollar evolved as part of my efforts to get some sex appeal into a presentation of deferred compensation contracts. I had to find a profit a man could enjoy during his lifetime and it had to be big enough to compete with the expectation of profit that anybody has right now if he puts a couple of thousand dollars into Florida land. Like many happy solutions, this one turned out to be simplicity itself.

"There is a profit built into a life paid up at 65 with additions on the current dividend scale and the profit is substantial if compared with ledger net cost rather than with total premiums. To implement this comparison, it was necessary only to split ownership between investment and profit instead of between cash values and amount at risk.

#### Use Payroll Deductions

"To minimize the insured's outlay inconvenience, the maximum ledger net cost (the largest spread between aggregate premiums and total cash surrender value) is averaged over the six or eight years it takes to reach it and charged to the insured as one of his payroll deductions.

"This brings it down to the term rates applicable to figuring the employee's minimum contribution on account of life insurance in a pension trust as set forth in 'PS 58,' which is below the normal employee contribution to group term insurance, and ceases altogether after the six or eight years. From this point on, the insured has no cost, only rights and benefits."

#### Corporation Insurance Discussed

Discussing uses of corporation insurance in estate planning, Raymond F. Triplett, New York Life, San Jose, Cal., said:

"When I first started in business, prospecting was my chief single problem. Since then I have solved this problem with a referral request that may be helpful to some of you. After closing a case and completing the service work involved, I say to my

client: 'You can see that the type of work that I do for a client is extensive and time consuming. To be of greater service to my clients, I have to rely on them to refer me to their friends who might find this complete service helpful. If you are pleased with what has been accomplished for you, I would like to have you give me a personal introduction or a letter to three people who are the heads or principal owners of corporations, have a net worth of \$500,000 or more, and are in reasonably good health.'

"This procedure works for me and it may work for you if you have a referral problem."

W. Franklin Scarborough, New England Life, Ridley Park, Pa., said he has found that by projecting himself into the lives of people for whom he develops carefully prepared plans and studies they readily subscribe to his services and willingly recommend him to others.

#### Clients' Sons Good Prospects

"In the development of my clientele," he said, "I endeavor to meet at least one recent college graduate in some field of science each week through an established client friend. I also arrange to meet men who have recently been transferred into our area. Another source of new clients is sons of older clients. It is very encouraging indeed that so many of my older clients send their sons to our office. A very satisfactory source of new business is from clients recommended by an established client."

Better to serve his clients, Mr. Scarborough established his own office and organization many years ago. He has three women in the office and three young men. Two of the men are trained to develop clients and service them and one is in charge of the office.

North American Life reports last month's sale of new life insurance, both group and ordinary, surpassed all previous records. Business totaled \$30.3 million, an increase of 60% over the same month last year.

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Non-cancellable, guaranteed renewable to Age 65 — at guaranteed premium rates, non-aggregate, no house confinement, optional hospital-surgical-medical benefits. Sickness benefits from one year to ten years—Accident from two years to lifetime. (Also participating life insurance and all types of group insurance!)



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## Important Changes In MDRT Categories

(CONTINUED FROM PAGE 1)

become a life member, to continue in the Round Table for one—but only one—additional year immediately following his three years of consecutive qualification. The continuing membership will not count toward eventual life membership however, which will take six years of consecutive qualifying or an aggregate of 10 years, whether consecutive or not.

Incidentally, the changes adopted at the annual meeting differ considerably from the earlier version proposed to the members and described in THE NATIONAL UNDERWRITER for May 31.

### Details Of By-Laws Changes

The by-laws changes provide for the following:

Amendment No. 1, article IV (membership). Amend paragraph (1) to read:

(1) There shall be four principal classes of membership: (a) qualifying, (b) continuing, (c) life, and (d) qualifying and life. Each class of membership shall be a privilege which may be granted or withheld each year at the absolute discretion of the executive committee.

Amendment No. 2, article IV. Amend paragraph (6) to read:

(6) Each applicant for life membership shall also establish the fact that he has been approved as a qualifying member under any one of the following: (a) for qualification periods ending not later than Dec. 31, 1959, three consecutive years; (b) for qualification periods commencing not later than Dec. 31, 1957, and ending not later than Dec. 31, 1961, four years out of five consecutive years; or (c) in the event that the facts referred to in (a) or (b) of this paragraph (6) are not established, then each applicant for life membership shall, in addition to all other requirements, establish the fact that he has been approved as a qualifying member for either (i) six consecutive years or (ii) an aggregate of 10 years, whether consecutive or not.

### 'Continuing' Member Requirements

Amendment No. 3, article IV. Add a new paragraph (8) to read as follows:

(8) Each applicant who is not eligible to be either a qualifying or life member under paragraphs (5), (6) or (7) of this article IV shall be eligible to apply as a continuing member if he shall, in addition to all other requirements, establish the fact that he has been approved as a qualifying member for three or more prior consecutive years. Continuing membership shall be available only for the year immediately following the close of a period of such consecutive qualification. Such continuing membership shall not be counted in any way toward qualification as a life member.

The Round Table will shortly issue a more detailed explanation of how the new plan will affect members or potential members in every type of situation, along the lines of the presentation made by John O. Todd, Northwestern Mutual Life, Chicago, chairman of the by-laws committee, at the business session during the meeting at Banff.

The final days of the meeting opened with a session on executive compensation plans. (Events of the first three days were covered in last week's issue.)

Herman C. Biegal of the Washing-

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ton, D. C., law firm of Lee, Toomey & Kent, discussed the legal basis for the deferred compensation arrangement. He took the hypothetical case of an individual earning \$50,000 a year in salary and \$10,000 of other income. He is considering the desirability of a salary increase of \$10,000. If he is single, the \$10,000 raise will be taxed at 78%, so he would realize only \$2,200 out of the increase. If he is married, he will still be allowed to keep only \$3,620 of the increase, since the raise will be taxable at 63.8%.

"To take care of this situation," said Mr. Biegel, "it has become increasingly common for the employer and the employee to enter into a contract of employment in which generally the period of employment is fixed and the employee's compensation for that period is fixed. In addition the contract provides that at the end of the period of active employment the employee will receive a specified amount per annum provided that he does not engage in competitive activities and/or that he is available for consulting services to his former employer. This form of deferred compensation contract raises two fundamental tax questions: (1) Will any amount be taxable to the employee while he is working, on either the constructive receipt or the economic benefit theory? (2) If not, will the commuted value of the benefits be taxable to the employee on retirement rather than as he receives payment?"

#### 'Constructive Receipt' Doctrine

"Under the constructive receipt doctrine, the taxpayer is taxable even though he has not actually received

the amount in question. The doctrine is applied where (a) the taxpayer is immediately entitled to a sum of money; (b) the money is immediately available to him; and (c) his failure to receive the money is due to his own volition. (Regs. Sec. 1.451-2) . . .

"The rationale of the economic benefit theory is that even though the employee doesn't have a choice as to the form of his income, he is in receipt of an economic benefit, the commercial value of which is taxable to him. For instance, the payment by an employer of premiums on an individual insurance contract on the life of an employee, the proceeds of which are payable to the employee's estate, will result in taxation to the employee of such premiums. . . ."

Mr. Biegel cited the McEwen case, in which the tax court held that where an employee requested that his payments from a profit-sharing plan be changed from all cash payments to being partly set aside in a trust fund, there was constructive receipt of income. However, in a situation where additional direct compensation would not help the employee much and where the employer wanted a "hold" over the employee, such as being able to impose a forfeiture of future payments in the event of resignation, an arrangement to take care of this should not be regarded as constructive receipt of income, Mr. Biegel said.

#### Not Like Insurance Policy

As far as the economic benefit theory is concerned, it should be remembered that the mere promise to pay on the part of an ordinary business corporation is not the equivalent of an insurance company agreement to make payments under an annuity or insurance contract, Mr. Biegel commented. The theory is probably not applicable for another reason: The usual pension contract provides that the employee will forfeit his right to receive the pension in the event he leaves prior to a stated time. Accordingly, the employee should not be taxed currently on the employer's promise to pay in the future, regardless of its value. The tax court, said Mr. Biegel, held in the case of Harold G. Perkins (8 T. C. 1051 [1947]), that even where funds were actually put away for an employee, the employee could not be taxed on that portion of the fund which was forfeitable in the event he left within five years.

In resisting the idea that the commuted value of the payments is taxable at retirement, there is again the fact that an ordinary corporation's promise to pay is not analogous to an insurance or annuity contract. The Internal Revenue Service itself has made that very argument in cases where it was to the taxpayer's advantage to claim a value for the promise to pay, Mr. Biegel pointed out. He also cited the famous Oates decision, permitting the payment of renewal commissions on a leveled-out basis rather than as the renewal premiums were received by the insurance company.

#### Consulting Should Be Bona Fide

In a deferred compensation arrangement, the contingency with respect to rendering consulting services should be real and effective, said Mr. Biegel.

"Not every employee is one whose services as a consultant would be valuable," he said. "Accordingly, this condition should be used only where some showing can be made as to the worth of the individual in a consult-

ing capacity. The agreement should specify a minimum period of time in which the employee will be available for such services and the employer should actually use him during that period.

"The particular method or methods of providing deferred compensation depend upon balancing the respective objectives of the employee and the employer. The employee is looking for security for himself and his family in the future; a greater after-tax return on additional compensation; and perhaps a stake in the business. The employer is looking for added incentive to the employee; the retention of executive employees and/or the attraction of new executives; and perhaps increased productivity—all of this at not too exorbitant a tax cost.

#### Plans Must Be Tailor-Made

"What are the employer and the employee willing to pay for this? Will the employer insist on a current tax deduction? If so, the non-qualified deferred compensation arrangement is not practical and a broader group must be included. Will the employee

### Elect Voss To Head Milwaukee A&H Men

A&H Underwriters of Milwaukee have elected LeRoy P. Voss, Wisconsin Casualty Assn., president. He succeeds John J. Frey, Prudential, who becomes board chairman.

Other newly elected officers include Donavon Morrissey, executive vice-president; Donald J. Hoeller, North American Life, vice-president; Robert F. Stafford, treasurer, and Leo E. Packard, secretary.

Richard E. Mueller, Provident Life & Accident; A. H. Bond Jr., Bankers Life of Iowa; Ernest Christian, Time; Arthur B. Lind, Massachusetts Protective; A. K. Shackleton, Lincoln National, and John W. Vettel, Metropolitan, were all elected directors.

waive the certainty of current cash after taxes for the possibility of more money later on? Will he insist on getting capital gain? Will both the employer and the employee act without the benefit of a ruling from the Internal Revenue Service?

"It is apparent that each plan must



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For new planning department of medium-sized, well-established midwest life insurance society. Position requires experience in designing forms, drawing procedure flow charts and manual preparation. Some knowledge of tab equipment necessary. Accounting or management consulting background helpful. Give complete résumé of age, education, business experience, past salaries, and expected salary. Enclose recent photo. Reply confidential. Write Box B-3, c/o The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

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be tailor-made to the particular situation and the objectives desired. And even though there is no statutory provision or definitive ruling specifically covering the tax consequences of a deferred compensation contract, it is submitted that there is sufficient legal basis for setting up a good contract of that type within the framework of the general principles of tax law covered in the preceding discussion."

## Iram Brewster's Views

Iram H. Brewster, Phoenix Mutual Life, Pittsburgh, discussing executive compensation, said:

"A great many stock purchase plans restrict the stock, in that the employee must, at all times, be willing to sell his stock back to the corporation, in case he dies or resigns, and also the corporation agrees to purchase same within a given length of time.

"In this regard, I have been very successful in selling insurance to a corporation on the life of a key employee who has purchased stock, thus giving the corporation immediate cash for the purchase of the key executive's stock at the time of his death.

"In other cases, surviving stockholders have had the right to purchase deceased employee's stock, and have taken out insurance on the life of the stockholder, to acquire his stock at his death, through an agreement, which has been made between them, and sanctioned by the company.

## Gives Executive An Incentive

"There are occasions when executive compensation is proposed in the form of an agreement, whereby a key executive has an option to purchase the stock of a majority stockholder upon the death of that stockholder. We certainly have a valuable tool to use, in making it possible for this key executive to purchase the stock of this majority stockholder, in case this stockholder dies. The purchase of life insurance by the key executive, on the life of the majority stockholder, enables the key executive to have the necessary cash funds available for such purchase. It gives the key executive the definite incentive to put forth his best efforts in behalf of the corporation for its success, when he knows by an agreement, that he will have an interest, either majority or otherwise, in the corporation, upon the death of the stockholder."

Paul W. Cook, Mutual Benefit Life, Chicago, discussing qualified plans, said:

"Our market and our profit, for most of us commissioned men, is still the small plan, which unquestionably should be fully insured. The pension trust section of the Internal Revenue Service in Chicago tells me they have had more plans in 1957 than ever before and that the majority of them are little plans—and that's where most of us come in. The latest figures I could find are the 1956 figures, showing that out of 20,780 insured, 13,580 were still individual policy plans, with many more, of course, group permanent and regular group annuity plans. So individual policy plans and fully insured plans are still a pretty lively corpse—and look at the operations still to be done on them by consultants!

## Small Plans Taken In Stride

"We can handle these small plans in our stride. Most of our home offices have simplified the underwriting and legal procedures for setting up these plans and the bureau has streamlined approval for a small fully insured

June 28, 1958  
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plan so the average successful and alert insurance man can take the eleemosynary help offered by his home office or if necessary by the various tax services and get some real take-home pay out of these smaller plans—and still write an individual application once in a while...

"A great advantage of an insured plan is the continued management of the insurance company. Unlike many consulting firms, the insurance company is very stable, provides a continuing source of actuarial advice, can be relied upon to come to the client's aid when problems arise. Obviously this same degree of service cannot be performed as efficiently by the bank-consultant combination. The insurance company performs all of its tasks (administrative, actuarial, and investment) under one roof, and that is the most valuable product that we have to sell."

On the final afternoon of the meeting three Round Table members shared with the audience their methods of establishing a successful life insurance career.

#### Problems Of Young Agent

Joseph H. Reese Jr., Penn Mutual Life, Philadelphia, discussing the problems of a young agent establishing a career, said:

"Generally speaking, almost all of my selling interviews are on the basis of an appointment made either by letter or telephone, or both. I have found that a letterhead indicating both MDRT membership and CLU designation, combined with the use of my IBM electric typewriter, carries sufficient prestige that most individuals receive you well when a telephone call for appointment is made. These appointments are generally in either the prospect's or my office—very rarely at his home and also very rarely at night. I believe that most insurance men in night-time operation are there by choice, since most people will see you on the basis of your suggestion."

"Another thing I have learned in my short span in the business is to make every appointment as profitable as possible through obtaining complete information on family background, finances, family business and trusts, possible inheritances and the like. This really proved its value in one case last year when I had almost given up on an attorney friend of mine but uncovered a family trust under which he was an ultimate beneficiary."

#### Saved Almost-Abandoned Case

"We were able to sell the trustees on a split-dollar arrangement for his brother and himself that produced two \$50,000 cases where I had almost given up on selling him considerably less. Being beneficiaries under the trust means they will eventually inherit the policy's cash value, which added to the permanence of their insurance program. In other cases, prospects have discussed family security holdings which we have utilized in term trusts to enable the younger generation to get their programs in order, and in several cases even to get grandchildren started on substantial amounts."

Bernard H. Zais, Connecticut Mutual, Burlington, Vt., said:

"If one secretary isn't enough, hire another, and if that isn't enough get still another. I've found that confusion can disappear awfully fast once you make up your mind to plow back some of the profits into your business. So to those of you who maintain

## Proposals Wouldn't Help Presently Aged

(CONTINUED FROM PAGE 1)

Though a substantial number of those over age 65 have the means to meet health insurance costs, those who are experiencing the greatest difficulty in meeting their health care costs are to a large extent those who are not eligible to receive social security benefits. Mr. Faulkner noted that the various proposals before the committee would not ease the financial burden of this group. He urged, as an alternative, further and more adequate federal financial participation for the benefit of the aged in the "vendor payments for medical care" program. This program, because it is restricted to persons qualifying for public assistance, will define and reach those aged who have the real health care costs problem, he said. It has the advantage and economy of matching state and federal funds and of local administration on a needs and means test basis.

Unlike adding a permanent and constantly more expensive program to social security, improvement of medical vendor payments for the aged indigent can be flexible, subject to contraction and elimination as the proportion of aged people with health care cost problems diminishes over the years because of the expansion and perfection of voluntary insurance, he pointed out.

#### First Year Cost \$2.1 Billion

Discussing the cost of providing health benefits for all social security beneficiaries, Mr. Faulkner estimated the first year's cost at more than \$2.1

that you can't provide thorough and complete programs simply because it takes too much time or requires too much work, I say hire the help that it takes to do the job to which you are obligated by virtue of your client's trust in you. There is no excuse—no excuse whatever—to take half-way measures with other people's lives. There is no excuse to become so involved and so engrossed either in details or in securing additional business that you neglect the client you so eagerly wooed such a short time ago.

#### 'Playing With People's Lives'

"Remember—you are playing with people's lives. Think about that for a moment, especially you who are as yet new in life insurance. On the other hand, those of you who have had experience with claims, those who have the satisfaction of seeing plans which you have arranged come to fruition, those of you who have settlement options or trust agreements actually in operation, you know the wonder of our calling... you've found the glory of life insurance!"

Robert P. Burroughs, National Life of Vermont, Manchester, N. H., commented:

"The increase in mass selling, brought about in part by the growth of big corporations, is bound to affect the average agent. The group insurance writing companies have assigned the agent writing group insurance a status, and a compensation, based on the conception of some home office officials that the agent should be primarily only a door opener. They want salaried home office representatives to do the real selling. Of course we in the Round Table prefer to do our own selling."

"And it is my considered opinion that no over-the-counter merchandis-

billion, with this figure increasing substantially in future years. He also said the level premium cost of these benefits alone would amount to 3.025% of taxable payroll.

"This cost is many times greater than the 1% of taxable payroll increase in social security taxes proposed by the bill to provide these benefits and all of the other benefits of the bill," Mr. Faulkner commented. "Obviously, were the bill enacted the initial tax increase would have to be larger than the bill provides."

"The level premium cost of presently provided social security benefits is 8.25% of taxable payroll. Cost of the proposed health care plan benefits would push the total necessary payroll tax expressed on a level premium basis to 11.275%, a 37% increase. And this would be but a beginning, because there would be continuing proposals for extension of health care benefits culminating probably in an all-inclusive compulsory health insurance system."

#### Why Not Budget For Food?

Discussing the effect of superimposing these new proposals on the basic social security system, Mr. Faulkner asked:

"First, do we no longer believe that the individual is capable of budgeting his income or allocating his resources to meet the several necessities of life including payment for health care or insurance to provide it?"

"Second, if we feel that the OASDI

ing of life insurance policies will ever hurt the intelligent, hard-working underwriter who gives good service to his policyholders. His personal interest and his intelligent recommendations will always be of tremendous value to his clients."

The final event of the meeting was an informal dutch treat cocktail party.

## John MacArthur Gets Featured Treatment In 'Fortune' Article

President John MacArthur of Bankers Life & Casualty is the subject of a lively feature article in the July issue of "Fortune" magazine.

"A man of few inhibitions, he is the hero, or the villain, of a growing collection of anecdotes, most of which he cheerfully verifies," writes author T. A. Wise. "One evening in Philadelphia when he was scheduled to go to the theatre, he spent so much time negotiating a deal in a hotel room that he didn't have time for supper. As he and his friends dashed from the hotel room, MacArthur grabbed a steak from under the bell of an unattended room-service cart, tucked it under his coat, and devoured it in the cab en route to the theatre."

The prefatory note to the article says: "He has horrified insurance men. He is uninhibited, mischievous, smart as a fox. Once a mail-order operator, he is now the biggest single owner of a life insurance company and one of the country's richest men."

The article covers in considerable detail Mr. MacArthur's activities, business and personal. While colorful and informal, the total effect is far from uncomplimentary.

recipient is incompetent in the health care field, would we not also be justified in concluding that he is equally deficient in his ability to budget for food, clothing and shelter and that the social security system should do this for him?"

#### Outlines Role

Mr. Faulkner outlined the role of voluntary health insurance in providing health insurance for the aged.

"In the relatively few years since their special problems became of concern, outstanding progress has been made in meeting their health insurance needs. Experience with their risk is accumulating daily. Competition has sparked the development of many methods for extending insurance to older people. Some of these approaches were unheard of even five years ago. The seven principal methods are:

#### Lists Principal Methods

"Continuation of insurance on older active workers under group insurance plans.

"Continuation of group insurance on workers who retire and their dependents.

"Continuation on an individual policy basis of coverage originally provided by group insurance, this being accomplished by conversion of the group coverage on termination of employment or membership in the insured group.

"New issuance of group insurance on such groups of older people as associations of retired persons or employees, retired teachers and civil servants, and 'golden age' clubs.

"Continuation into the later years of individual insurance purchased at the younger age.

"New issuance of individual insurance at advanced ages.

"Issuance of insurance that becomes paid-up at age 65, thus enabling the policyholder to pay for his protection during his productive years."

Mr. Faulkner urged that the "uniquely successful and advantageous system of voluntary health insurance" not be supplanted by a compulsory government health care program.

## Stocks

By H. W. Cornelius, Bacon, Whipple & Co.  
135 S. LaSalle St., Chicago, June 24, 1958

	Bid	Asked
Aetna Life .....	177	180
Beneficial Standard .....	13 3/4	14 1/4
Business Men's Assurance .....	75	77
Cal.-Western States .....	80 1/2	83 1/2
Columbian National .....	80	Bid
Commonwealth Life .....	24	25
Connecticut General .....	255	260
Continental Assurance .....	123	127
Franklin Life .....	63	65
Great Southern Life .....	73	76
Gulf Life .....	21	22
Jefferson Standard .....	77	79
Kansas City Life .....	1250	1290
Liberty National Life .....	32	33 1/2
Life & Casualty .....	22 1/4	23 1/4
Life of Virginia .....	95 1/2	98 1/2
Lincoln National Life .....	195	199
National L. & A. .....	82	84
North American, Ill. ....	17	18
N. W. National Life .....	83	86
Ohio State Life .....	265	285
Old Line Life .....	42	44 1/2
Republic Natl. Life .....	50 1/2	52 1/2
Southland Life .....	84	89
Southwestern Life .....	100	105
Travelers .....	75 1/2	76 1/2
United, Ill. ....	29	30 1/2
U. S. Life .....	34 1/4	35 1/2
West Coast Life .....	35 1/2	37
Wisconsin National Life .....	63	66

United American Life had its greatest month's production in May, with total business of \$4,070,000, up 75% from the previous high month.



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